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ABSTRACT

This report summarizes the views expressed at the Fifth Wingspread Conference on the will of Western nations to survive. It is intended to help readers develop an understanding of contemporary Europe and the implications which developments there may have for the United States. Given the position of the United States as a world power, it follows that factors which affect the United States inevitably have an impact on other nations. Following an introduction there are four major sections: "Europe's Civilization: A Glorious Past without a Future?", "Western Security in the Coming Years," "Which is the West That Will Survive?" and "NATO and the News Media." While conference participants showed little disposition to play down the growing military strength of the Soviet Union, its economic and ideological shortcomings were also noted, together with the obvious capacity of NATO and, in particular, its strongest member, the United States, to contain this strength. Euro-communism was seen as a phenomenon not yet fully understood, but perhaps equally disconcerting to East and West. In the field of defense doubts were expressed about the West's will, as distinct from its capacity, to hold firm in what must be a long tug of war, with the difficulty for Western public opinion of successfully combining a true understanding of detente with the continuing support of an increasingly burdensome defense effort. Confidence was expressed that such institutions as NATO and the European community, despite their imperfections, could and should assure Western survival: (RM)

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Report of a Wingspread Conference
convened by
The Standing Conference of Atlantic Organizations and
The German Marshall Fund of the United States
in cooperation with
The Johnson Foundation
June 1977

Report prepared and edited by Walter Goldstein

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THE GERMAN MARSHALL FUND OF THE UNITED STATES (a Memorial to the Marshall Plan)

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The purpose of the German Marshall Fund is to assist individuals and organizations in the United States, Europe, and elsewhere to understand and to resolve selected contemporary and emerging problems common to industrial societies

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STANDING CONFERENCE OF ATLANTIC ORGANIZATIONS

The Standing Conference of Atlantic Organizations was organized in 1973 to serve the joint interests of voluntary groups interested in aspects of the private and public ties which bind the Atlantic nations of Western Europe and North America.

The Standing Conference provides each of its constituents with a source of advice, encouragement and information on matters of mutual concern. As a coordinating body it provides a clearing house for information, various techniques to guard against overlapping, a stimulus to combined action on appropriate occasion, and a coordinating role when this is demonstrably needed.

By pooling their concerns, remaining in close contact, and creating an instrument for joint action, without in any way inhibiting their individual freedom of action, members of The Standing Conference of Atlantic Organizations intend to rationalize and increase efforts to promote international understanding and cooperation in a vital sphere — the North Atlantic area

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Preface

The Wingspread conference on "Does the West Have the Will to Survive?" was convened by the Standing Conference of Atlantic Organizations (SCAO), with the cooperation of the German Marshall Fund of the United States and The Johnson Foundation.

The Johnson Foundation felt strongly compelled to cooperate in this Wingspread meeting because the subject has been identified by the Board of Trustees as one of extreme importance, both for Western Europe and the United States.

The basis of the Foundation's participation in this project is its interest in recent economic, social and political trends in Western Europe, an interest which extends to the implications these trends may have for the United States, including their possible impact on the traditions of personal and economic freedom.

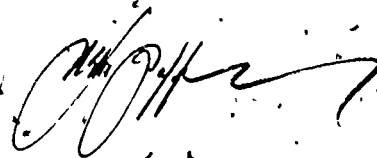
We hope that readers of this report, "The Western World and the Will to Survive", will find it valuable for an understanding of contemporary Europe, and the implications which developments there may have for the United States. Given the position of the United States as a world power, it follows that factors which affect the United States inevitably have an impact on other nations.

For this report, Professor Walter Goldstein drew upon formal papers presented at the Wingspread conference and discussion tapes recorded at the sessions. He assumed responsibility for selecting and summarizing the presentation of views. In each case, speakers represented their own views and not those of the institutions which they may respectively represent.

The publication of these papers was arranged by the Standing Conference of Atlantic Organizations and The Johnson Foundation. We remain grateful to the distinguished speakers and

conference participants who helped us understand the contemporary western world by contributing insights from their vast experience, and especially to Professor Goldstein for his able work in giving us this record of the conference.

The Trustees and staff of The Johnson Foundation continue to follow trends in Western Europe and intend to conduct future programs consistent with the theme of the conference recorded in this publication.



LESLIE PAFFRATH, PRESIDENT, THE JOHNSON FOUNDATION

Introduction

The Standing Conference of Atlantic Organisations (S.C.A.O.) held its Fifth Annual Conference at Wingspread in June 1977, and my first and very pleasant duty is to record our gratitude to The Johnson Foundation for its hospitality and for the major contribution which it made in so many ways to the smooth running of the Conference and, to the enjoyment of the participants.

S.C.A.O.'s main function is to provide a centre for the exchange of information and, if desired, coordination of activities between its member organisations concerned with Atlantic cooperation on each side of the North Atlantic. Once a year it engages more ambitiously in a discussion meeting on a topic of current Atlantic interest. The success of such a meeting depends partly upon the arrangements made and upon the atmosphere created by the host organisation, but equally upon the quality of the speakers introducing the themes and upon the readiness of the participants to engage fully in the debate. We were fortunate in both respects at Wingspread — Robert Rothschild, voicing his devotion to European unity and his disappointment over current stagnation within the Community, Brent Scowcroft, drawing a most convincing and objective picture of the strategic balance between the U.S.A. and the U.S.S.R., Walter Goldstein, using his powerful critical faculties as well as his economic expertise to explode many myths and even dent some bastions of truth, and Henry Brandon, with his great experience as a foreign correspondent in Washington, all set the stage admirably for one of the best discussions I can recall at any of the many international conferences I have attended in recent years.

It would be impossible to summarise it more effectively than Walter Goldstein has done in this Conference Report, for which we should all

be most grateful to him. Despite his own strong doses of sceptical realism the Conference, I think, came down on the optimistic side of the equation, concluding, if not always being able to provide positive proof, that the western world had the will (and also the capacity) to survive.

The majority, perhaps less involved from the very beginning than Robert Rothschild in the great post-war European design, were more inclined to note the remarkable progress already made than to deplore present hesitations and even perhaps backslidings. The prospects of the European Community for the future, with further enlargement under immediate discussion, were reviewed with some confidence, more especially in the light of its attractions for near neighbours, and also its growing importance in the eyes of friendly nations in the West, of less friendly neighbours in the East and of the Third World and last, but not least, of China.

While there was little disposition to play down the growing military strength of the Soviet Union, its economic and ideological shortcomings were also noted, together with the obvious capacity of N.A.T.O. and, in particular, its strongest member, the U.S.A., to contain this strength. Euro-communism was seen as a phenomenon not yet fully understood, but perhaps equally disconcerting to East and West. In the field of defence doubts were expressed about the West's will, as distinct from its capacity, to hold firm in what must be a long tug of war, with the difficulty for western public opinion of successfully combining a true understanding of detente with the continuing support of an increasingly burdensome defence effort. This was one facet of the problem which N.A.T.O. has not fully solved, explaining itself and its necessarily confidential activities to the media in a way which would enable the media in their turn

to ensure the proper information of the public. Valuable suggestions were made to this end.

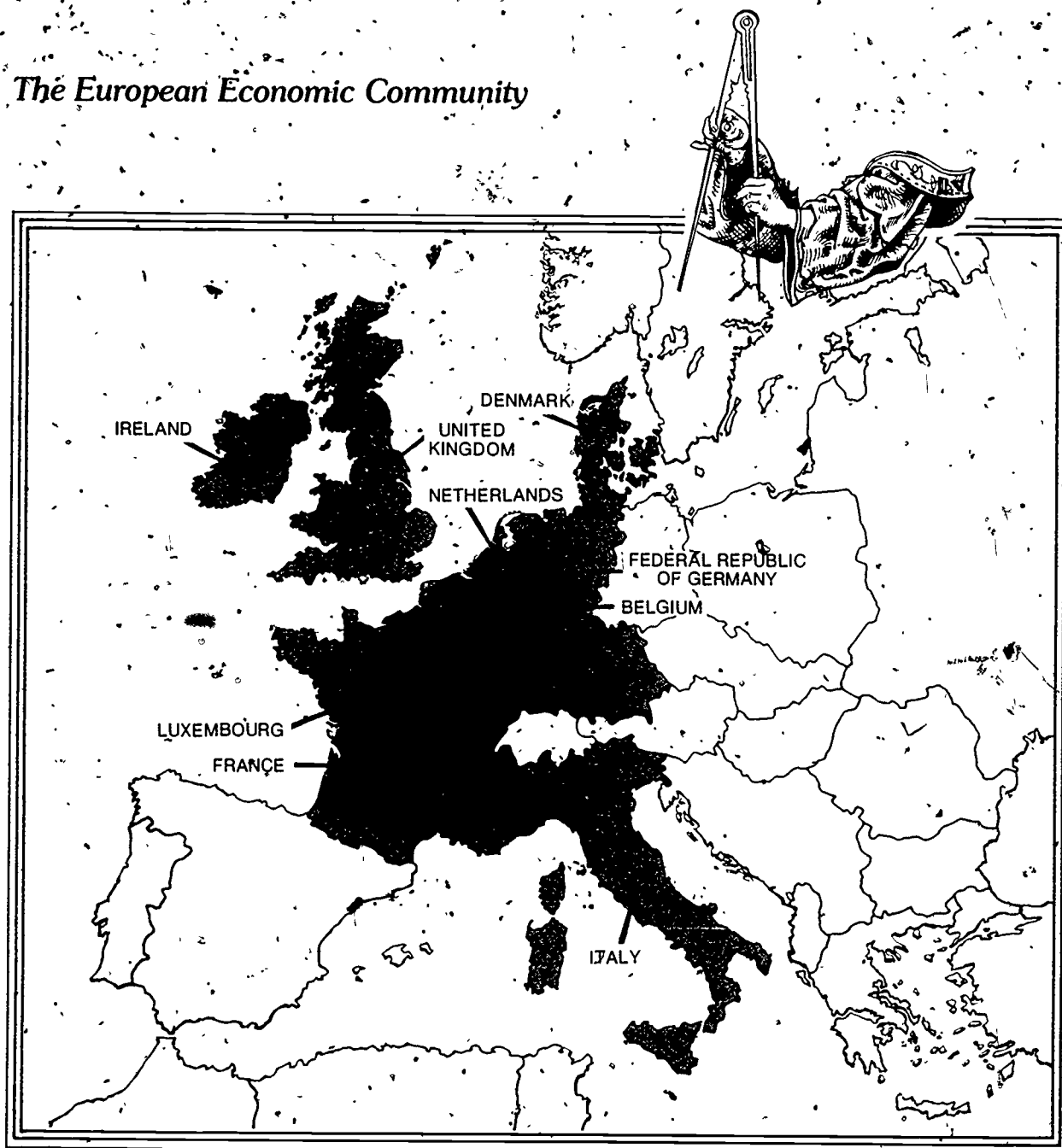
So the West came relatively well out of the discussion of the East-West balance, with confidence expressed that such institutions as N.A.T.O. and the European Community, despite their imperfections, could and should assure western survival. When the debate turned to the economic and social problems within the western world and to the increasingly important North-South relationship, and considered what kind of West was likely to survive, a more pessimistic or at least a more questioning note was struck. So much has changed for the worse since the years of rapid and continuous growth in the 25 years from 1945 when the Second World War ended. The economic institutions set up at Bretton Woods from which this prosperity stemmed have, to a large extent, collapsed, in contrast to the survival of N.A.T.O. and of the political institutions of Western Europe. Nothing has yet been found to take their place. Nor is the New International Economic Order so stridently demanded by the Developing Countries in sight. But the Conference noted that the western world had survived the oil crisis of 1973 and had coped with a very serious recession far more effectively than it had been able to cope with the recession of the Thirties. There seemed to be a growing realisation that western security is based not only upon an effective defence system against the threat from the East, but also upon re-establishing an equally effective system of economic cooperation and social security within the western world itself, and also embracing the Developing Countries outside.

The Wingspread discussions could hardly expect to find the answers which have so far eluded our Governments, but they cleared some of the undergrowth and pointed to the way ahead.



SIR FRANK ROBERTS GCMG GCVO CHAIRMAN
STANDING CONFERENCE OF ATLANTIC ORGANISATIONS

The European Economic Community



Europe's Civilization: a Glorious Past Without a Future?

Robert Rothschild.

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ndré Malraux has written that "there can be no civilization, no stable society, unless it is based upon an integrating theme or a fundamental creed." It is becoming increasingly difficult to determine today what is the theme, the conceptual belief, that distinguishes the civilization of the Western world.

In previous centuries the belief structures were widely recognized. The 'message' of humanism bequeathed by the Enlightenment and by 19th century liberalism was a potent intellectual force. Moreover, it was justified by the record of accomplishments that Europeans associated with a proud history. In one hundred years we had achieved an unprecedented level of material prosperity and social justice. That we entered this century with high hopes and an optimistic view of the future was in no way surprising.

The first traumatic setback occurred in World War I. Twenty-five million people were killed in the ravages of a needless but systematic slaughter. Along with them died many of the ideals of law and reason and human dignity — that had never before been doubted. The second shock came in the aftermath of war, in the great Depression. The impact of mass unemployment undermined the dynamism of the capitalist economy and the axioms of liberal society. They were replaced by doubt, a profound sense of guilt and insecurity, and by the authoritarian regimes that seized the initiatives that had lapsed in the leaderless, fractured societies of Europe.

The Revival of Europe

An incredible revival occurred as a result of World War II. Inspired by the wartime courage of Britain, the extreme brutalities of Nazism, and the Soviets' challenge, a new impetus was given to the idea of a European 'message'. A mood of self-confidence emerged in 1945 that strongly reacted to the pessimism and the decadence of the 1930s. The will to revive the humane values of liberal society moved an entire generation of Social Democrats and Christians. Schuman, De Gasperi, Adenauer and Spaak were only the leading names.

The refreshed ambition of these Europeans was to revive a civilization and not just to eliminate trade barriers and frontier taxes. Their determination to develop the war-stricken economies, and their ancient colonies overseas, drew upon the model of Roosevelt's 'new deal' and

the economic principles of Keynes. Sworn to remove the nationalistic errors and the social wastage of the past, Jean Monnet and his colleagues argued that the sovereign nation-state was too limited a unit of economic activity to support the needs of industrial technology. Greater cooperation and larger markets were vital, they emphasized, to finance the expansion of science-based industries and to unify the aspirations of a war-torn Europe. This integration would eventually displace the divisive nationalism and the industrial conflicts of the past, they assumed, and it would lend a new purpose to European civilization.

In the 1950s, faced with a military threat from the Soviet Union, the Europeanists regrouped their energies and moved further toward the United States for which Churchill had once called. A redefined role was set out for Germany, divided though it was, and a remarkable spirit of innovation moved the younger generation. More confident in their experiments, they began to discover the meaning of a European idea in their own national lives.

The End of the Dream

The vision of a united Europe crumbled, unfortunately, as the 1960s slipped away. Rivalry between national leaders and political parties became ever more intense. Conflict replaced the earlier momentum of cooperation in the three forms of activity without which Europe could not survive: the economic drive of the Common Market, the military security created by the NATO alliance, and the political unification movement that was supposed to integrate Europe into a decisive, third force.

On the first score, the Common Market proved to be the greatest disappointment. Remaining largely as a customs union, EEC failed to integrate the industrial expansion or to curb the protectionist maneuvers of member countries. The common agricultural program, the keystone of the Community, became a shambles as members resorted to special pleading and monetary manipulation. It became evident that currency devaluation could be more destructive to free trade and economic collaboration than protective tariffs or frontier taxes had ever been in the past. Hope was expressed at the summit meeting in Paris, in 1972, that progress could at least be made toward establishing the critical structure of EEC, a common currency. That hope has been seriously, if not irrevocably, dashed. The joint monetary policy to take effect in the 1980s has been pushed aside by a set of currency maneuvers and exchange rate manipulations by rival nation states. It is unlikely that a 'common' market will be completed so long as the divisiveness continues.

The disappointment on the political level, as a second consideration, was almost as chilling. Plans had been laid for a gathering force of political consultation and diplomatic unity to eliminate the fragmented initiatives and the chauvinist strategies of the past. These plans, too, proved to be premature. The arguments in the EEC's Political Committee revealed that no member was prepared to compromise its national interests or to forego a little of its diplomatic prestige in order to build a new, collective sovereignty. This became fully apparent in the OPEC crisis of 1973. Faced with an oil emergency, no common action was taken to formulate a Community energy policy or a joint stand toward the Middle East combatants. The latest indication of disunity appeared only a few months ago when French military assistance was flown to the civil war in Zaire, French consultation began after their mission had already left French soil.

On the third score, in the military alliance, we began the 1950s with a severe setback. The defeat of the European Defense Community (EDC) has never been overcome. The pooling of defense forces, military budgets and strategic planning intended in the EDC design was neither token nor piecemeal. NATO, by contrast, has had to endure a permanent disaffection, various member states have threatened to withdraw their forces, or to withhold their nuclear components. There has not even been a standardization of weapons systems or of planning procedures, and were it not for the American nomination of SACEUR, the command structure might not have remained intact. A certain success was won in the acceptance of the WEU treaty in the early years, this committed the British army to permanent positions on the continent and brought the Germans into the Atlantic gathering. But it is difficult to argue that NATO is as strong and unified an alliance as a collective security *entente* should be.

Is the Decay Temporary or Permanent?

The contemporary standing of the West's defense and economic arrangements will be reviewed in the remainder of this conference. It must be asked at this stage, however, whether the waning of the European dream, or of its sense of mission, is likely to indicate a decline in its future world role. Is there a harbinger of moral decay in the slipping consciousness of a distraught and divided Europe? Or can the decay be arrested before the tide of world history sweeps other nations into the center of power?

These are difficult questions to answer at any time. In previous centuries the Western world has appeared to be on the verge of intellectual

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and moral collapse, but it survived and prospered. Petronius proclaimed the decadence of Rome in the first century in the *Satyricon*, but its civilization flourished for another four hundred years prior to the barbarian invasion. At the end of the Renaissance there was widespread misery, violence and dislocation. The harmonious synthesis of the medieval era had been destroyed and anarchy ran rife. Yet out of the turmoil was born a creative ferment that carried Europe through three centuries of spectacular growth and dominance.

It seems that we are entering upon a similar experience today. In the last twenty-five years Europe has experienced a historic *belle époque*. In its intellectual energies, its material advancement and its scientific progress, it has begun to resemble the United States. A climate of political and economic liberty has flourished, so, too, has the liberty of social and sexual mores. There is always a danger of associating a fast growth with incipient decadence, of course, or of reading into these trends the portents of permanent decay. The assumption is not deeply shared among the mass electorates of Europe, but it enjoys a wide currency among political critics and intellectual leaders. That Europe is not 'finished' may be apparent to many of us. But so long as the assumption is entertained it must be closely investigated.

The Assumptions of Decay

It is immediately evident that the mass electorates of Europe are neither morally sick nor politically enfeebled. They have worked hard in the last twenty years to increase per capita income, material security and social health. Insistently moderate in their politics, they are determined to safeguard the successes that have been won. They recognize that, together with formidable American assistance, they have achieved an extraordinary momentum of progress and economic development. It is a chilling recognition that this momentum has begun to slow down.

The political systems of Europe, unhappily, are nowhere as strong or as reasonable as the people whom they claim to serve. Privileged professionals and the leaders of the political parties have reserved their energy for internecine feuding and partisan maneuvers. In doing so they have lost touch with mass beliefs and aspirations. Among the parties, the factions and the unions of Britain or France there is a pettiness of vision, a blindness to facts, a lack of imagination and an entrenched mediocrity. The political systems in other countries, including the U.S.A., have moved in a similar direction. Cynicism about the voters' interests has prompted a retreat from principle and from moral ideals; party advantage has been the goal of

those who pretend to represent the people's will. This has generated a national retreat into weakness rather than a community resolve to act from strength.

It is tempting to suggest that one possible remedy for the politics of maneuver might be found in the introduction of a 'proportional representation' mechanism in the electoral system. This might strengthen the voices in the center, weaken the polarities at the left and the right, and thus multiply the number of political parties. There is little to suggest that even so radical a reform will shock the traditional politicians out of their ritual games. The direct elections to the European Parliament, due next year, are likely to be governed by the old rules. The hope that new political alignments can be forged out of a wider electorate will not materialize if the national parties dominate the process.

Is it a severe shock that Europe requires, therefore, to stir itself from its lethargy and its indulgent concern with decline? No one knows. Some say it will need a war or economic catastrophe to try the metal of the younger generations. Others know that it will require the vigorous and understanding presence of American influence if a new Europe is to experiment in finding its own strength.

Earlier in this century, Paul Valéry addressed himself to this very question. His judgment is remarkably relevant today. As citizens of Europe, he prophesied, who can not liberate ourselves from our own history, 'we will be delivered of it by the happy nations that have none or little to remember. These nations will impose upon us their happiness.' Is this truly the fate that is in store for us? Or is it more likely, as I believe, that the nations of Europe will have to find the strength to determine their own future and to enlarge their collective capacities?

DISCUSSION

Cycles of Pessimism or Reasons for Hope?

Martin J. Hillenbrand I share the sense of disillusion that Ambassador Rothschild has traced in Europe's present situation. The institutions of the Community are not working as effectively as they should and the movement toward European integration has stalled. This does not mean, however, that a lengthy cycle of pessimism and retreat has begun. The last cycles of despair occurred in the *fin de siècle*, at the conclusion of the Victorian era of material prosperity and intellectual certainty, they appeared again in 1919, at the close of World War I, when Oswald Spengler reflected the Germans' mood of despair, and in the great depression of the 1930s. We are too close to our own times to

judge whether we are now suffering from the cultural aftermath of twenty years of growth, between 1950 and 1970.

Whatever our judgment may be regarding the pessimism current in Europe, we must enter a few important reservations. First, if there is a strongly negative mood in European intellectual circles today, it is not necessarily shared by the mass electorate. Second, though voters appear to be disenchanted by the lack of leadership and decisiveness in their governments, they have not withdrawn their commitment to liberal democracy. Admittedly, leaders today do not enjoy the stature of the great statesmen of the late 1940s and 1950s, nor are they as skilled in knowing how to cope with the severe economic threats that must be faced. But it would be an exaggeration to claim that Europe is on the verge of a major breakdown or that it has lost its will to survive.

Wolf Graf von Baudissin. Allowances must be made for the fast changing conditions that Europeans now encounter in their home milieu and in their relations overseas. The rapidity of change has brought a certain degree of doubt and insecurity but not a radical withdrawal of political confidence. The realization has dawned that there are no simple or forceful solutions available to resolve the immensely complex problems faced by each government. Politicians have at last conceded that there are only partial remedies and frustratingly small steps that can be taken, they lack glamor and they cannot pretend to be part of a Grand Design. But there is no reason to suppose that the reliance upon piecemeal measures and cautious policy programs will necessarily augur the start of an historic decline.

Otto Pick. I agree with this judgment. We may have the poor political leadership that a floundering electorate deserves, and we may find the performance of government unimpressive. But we have become, at the same time, more realistic about the gruelling decisions and the abstruse policy choices that must be made in a post-industrial society. We are not surprised to discover that some problems are too intractable to be solved by simple electoral propositions or by the posturing of party leaders. This is in many ways to our benefit. We know that pretended solutions will be as false as they are dangerous.

Karl Mommer. A further caveat must be entered in this consideration. We cannot argue that political effectiveness and electoral confidence have eroded, when we list the successes that have been gained before, the years of disappointments began. The successes can be briefly listed:

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he political systems of Europe are nowhere as strong or as reasonable as the people whom they claim to serve

1 World War III has been prevented, and many dangerous conflicts have been curtailed

2. A fundamental understanding between France and Germany, and with the other Western nations, has stabilized Europe's politics

3 The NATO alliance has assured a durable form of security, despite all of its internal feuding and the troubling shifts in *detente* with the Soviet Union

4 The evolution toward democracy in Greece, Portugal and Spain provides major victories for the process of political understanding and moderation.

5 The establishment of the European Community and Parliament is in no way complete, but their initial momentum should not be disregarded

In short, while confirming the negative consequences of today's recession and inflation we should not pretend that Europe has lost its resolve to cope with these problems.

Philippe Deshormes. Let me try another formulation of this consensus. Despite the clash of nationalist policies, European governments have moved to consolidate the operations of the NATO alliance and the economic Community. They have not tried to pull them apart. But there are two serious problems that have yet to be resolved. The first concerns the widespread incidence of unemployment, particularly among the young, this might generate awesome consequences in future years if they remain without meaningful work. The second concerns the priority that is now placed on the values of equality rather than of liberty. This has created numerous clienteles who are dependent upon the subsidies and protections offered by the State. Though the clientele groups remain loyal to liberal principles, they drive ever tougher bargains with the governments that clamor for their support.

The Communist Challenge

Stephan G. Thomas. There is a missing ingredient in our discussion, the threat perceived from the East. We cannot talk about the movement to unite the Western world without referring to the menace posed by Stalinism in the late 1940s. Schuman, De Gasperi and Adenauer were strongly moved by the specter of Stalin's aggressiveness; and today we are still challenged by the increasing military efforts of the Soviet regime. We might argue that were it not for the Soviet military effort we might not be as devoted to preserving the NATO alliance and the stabilizing exercises of the Community. We might go further and say that the will to in-

tegrate Europe's military and economic capabilities could really lose its momentum were it not for the Soviet forces massed on our frontiers

Robert Rothschild. Let me turn from the defense strategies of the two super-powers, which are so vital to Europe's future evolution, to look at a problem raised by Theodore Achilles: the domestic challenge, especially in France and Italy, posed by the emergence of Euro-Communism.

First, we find that neither the PCF nor the PCI are determined to liquidate NATO. They recognize that the alliance aims not to win but to prevent a war. They recognize, too, that there is no rational defense policy that can be articulated by any nation other than to preserve the viability of present arrangements for collective security. They are not sure what should be done with the U.S. tactical nuclear weapons deployed in Europe or with the joint command procedures of the Nuclear Planning Group. But they admit that the creation of a 'national sanctuary' or any other disguise of political neutrality is not a feasible goal of military strategy. Nor will they improve their electoral popularity by advocating such a separatist policy.

Second, we are not sure how far we can trust the presence of communist parties in Western governments, but we suspect that Secretary Kissinger was wrong to condemn their participation out of hand. After all, the communists played a leading role in Iceland, where key U.S. military bases survive, and they also joined in the first government of De Gaulle after the war. Perhaps we should recognize that the schismatic split of the communist parties in the West is more damaging to the Kremlin than to the Atlantic alliance. In the last resort, the forces of Euro-Communism are likely to exercise a greater threat in Eastern Europe than to the parliamentary systems of the West.

Eilmann Ellingsen. The communists in the West have become more pragmatic and less doctrinaire as they try to appeal for parliamentary support. We should not force them back into a rigid posture when their ideological positions are beginning to loosen up. We can learn from the experiences of Italy, France and Spain, where political tolerance allowed the communists to adjust as minority parties in parliamentary regimes. Hopefully, we will live to see these parties develop as did the socialist parties in Central and Northern Europe in the 1920's.

The Economic Realities of the West

Walter Goldstein. Two economic realities must be considered in this opening discussion. They concern the industrial relationships between the West and the Third World and between the

Western governments and their own, internationally based economies.

First, there is the dependence of the West upon the mineral resources and the export markets of the former colonial world. It is now recognized that the West depends for its oil supplies and for nearly one-third of its exports on the Third World. The Western powers have given precious little aid to the developing nations, and we are embarrassed by their noisy protests at the U.N., at the IMF, at UNCTAD and at North-South conferences. Trade wars are starting on the periphery of the Western system, and they could severely damage our own industries and the developing countries. But we have failed to design a preventive plan to cope with the threat or to narrow the gap between the rich and the poor countries.

Second, the sovereignty of the nation state has been breached by the force of interdependence in world trade. In an era of sophisticated industrial expansion, international investments and production can no longer be constrained by national governments. Gigantic economies of scale have been achieved by multinational corporations operating on a worldwide base. Their contributions to each nation's balance of payments and prospects for economic growth have been considerable, but they have also undermined the role of the democratic state and of the EEC. Free trade, governments have yet to determine how best to adjust to the imperatives of an international economy that transcend the industrial interests and the economic nationalism of the once-sovereign state.

James R. Huntley. It may be true that there has been a quantum leap in the international problems posed by the generation and dissemination of wealth. It is surely true that most governments have failed to respond in adjusting their social programs, their anti-inflationary policies and their economic planning to the new dictates of the international marketplace.

One instance of this is particularly trying. Though governments have succeeded in increasing the total stock of jobs, unemployment remains at a dangerously high level. The impact upon the younger generation has been especially severe. We can argue that the influx of women into the work force, and the reduction of jobs in manufacturing activities, have contributed to the dislocation of human resources. But we can not congratulate ourselves too fulsomely on avoiding a searing depression so long as millions of citizens must remain without work.

Inga Haag. This point can not be underestimated. Though the efforts of international organizations, such as GATT and the IMF, have helped to increase economic activity and to

Conflict replaced the earlier momentum of co-operation in the Common Market, in NATO and in the movement to unify Europe as a third force

ward off the trade wars which are now beginning to escalate, we have failed to provide for the economic sustenance of millions of workers, women and highly trained students. I suspect that we will have to make many new forms of work attractive to them, particularly in the service sectors, if they are ever to be gainfully employed.

Sir Frank Roberts: Let me leave the chair for a moment to comment upon these economic issues. First, I share the concern for the millions who are now unemployed. In their ranks I must include the six million *gastarbeiters* who have been drawn from the under-developed economies of Spain, Yugoslavia and Turkey. Together with their dependents they account for fourteen million souls, a figure equal to the population of Holland. Their plight cannot be ignored as Europe struggles to regain its economic momentum.

Second, we must recognize the difficulties faced by the EEC in enlarging the Community. If it should extend the benefits of membership to Greece, Spain and Portugal — as well it should — it will have to cope with a heightened trade conflict in cheap agricultural products. The EEC will also have to decide what should be done for the free entry and the social welfare protection that migrant workers from these Mediterranean countries will seek in the richer societies of the industrialized North.

On the third subject that has been raised, we should note the benefits extended to the Third World by the EEC under the Yaounde and Lomé agreements. They are not insignificant. But they are also not enough. We must regretfully admit that there can be no simple remedy, such as a new Marshall Plan, to ease the pro-

tests voiced by the poor nations at the North-South conference or at UNCTAD. The currency stabilization schemes designed at Bretton Woods have broken down and a world wide recession has seized hold in the aftermath of the OPEC price increases. None of us is quite sure how to cure the twin defects of inflation and recession (or 'stagflation' as we now call it) or how to bridge the gap between the few rich and the many poor economies. For myself, I remain confident that we still enjoy the will to resolve these survival issues. But I admit that the solutions are neither simple to state nor easy to implement.

Conclusions

John Carson: It seems that there is not so much a failure of will but a profound confusion in evidence in the Western world. Mass electorates are no longer sure how national governments should guide their industrial economies or how they should best perform in a world of complex international institutions. There is a widespread sense of frustration rather than of ideological rejection visible in public opinion. Whether the tank of our optimism is half-full or half-empty remains a matter of personal faith.

Two points have been raised, however, that can help clarify our contemporary malaise. First, we realize that the simple bi-polarity of the Cold War has been replaced by a more tortured reality. Instead of just arming ourselves against a Soviet threat we must also contend with the multiple economic obstacles and trade war prospects that disrupt our liberal democracies. As Sir Frank Roberts put it, there are no straight-forward solutions to allay our anxieties.

Second, we are not clear about the rebuilding of our aging political systems that is now over-

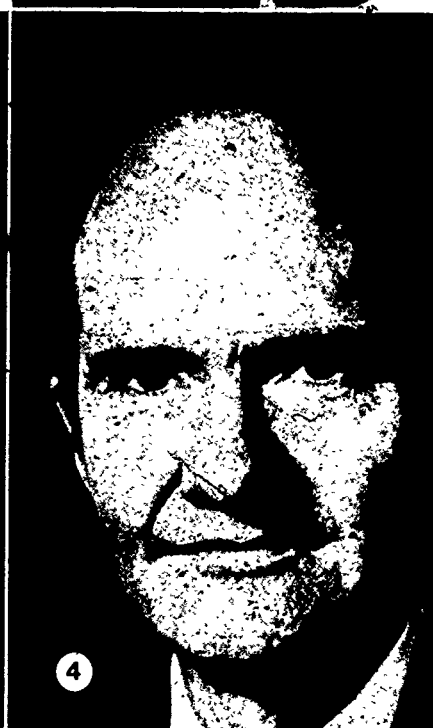
due. It may be that party politicians are losing contact with their own voters and that national governments are deficient in planning for economic growth. But is it wise to call for the reform of political procedures and institutions before we can articulate the tentative solutions for which national leaders should aim?

Robert Rothschild: We have expressed a guarded optimism that the Western world will find a way to extricate itself from the dilemmas that followed our last twenty-five years of success. We have noted that, unlike in the 1930s, there is a sufficient base of affluence to cope with the hardships of unemployment, at least, people are not starving on the streets. We have also conceded that the Soviet threat is sufficiently pertinent to preserve the NATO alliance, the economic Community and a certain measure of unity in our diplomatic policies.

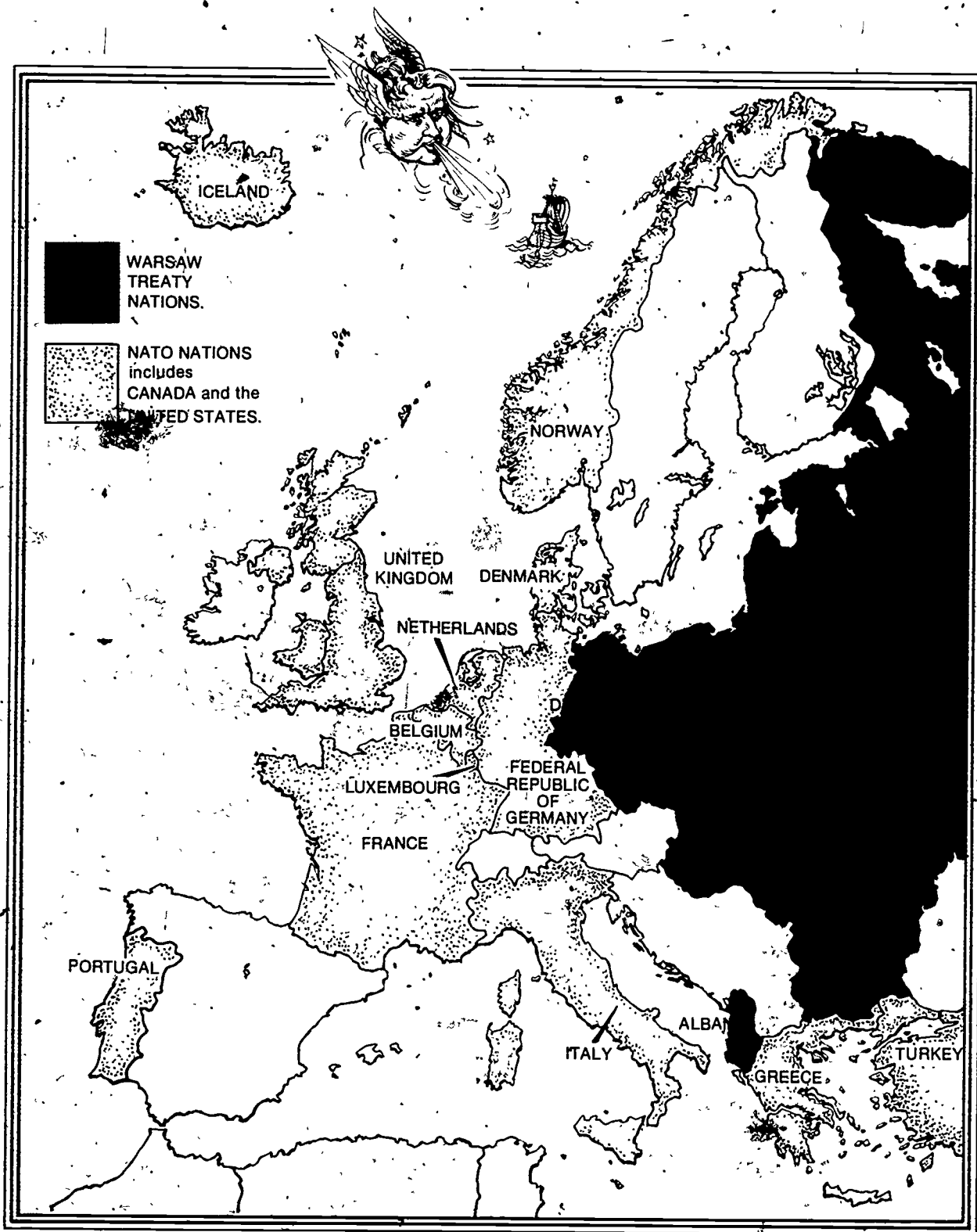
But I must return, nevertheless, to my original hypothesis. I have found a deep-seated pessimism and a failure of will rife in Western society. The younger generation is particularly cynical, if not downright anarchic. In comparison to the United States, where youthful idealism survived the traumas of Vietnam and Watergate, there is a disbelief in the philosophical basis of European society. Young people do not believe, as they do on the American campus today, that the arrangements of society can be radically improved. They fail to see why further national sacrifices should be made to secure the abstract rewards promised by a waiting Europe. Their new cycle of pessimism is a reflection of profound malaise. It suggests that, like a bicyclist, they can maintain their balance so long as they continue to move forward but that they will fall if they ever stop. I fear that we might be coming to a stop.

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"The success of a meeting depends upon the quality of the speakers introducing the themes and upon the readiness of the participants to engage fully in the debate. We were fortunate in both respects at Wingspread — Robert Rothschild, (1) voicing his devotion to European unity and his disappointment over current stagnation within the Community, Brent Scowcroft, (4) drawing a most convincing and objective picture of the strategic balance between the U.S.A. and the U.S.S.R., Walter Goldstein, (3) using his powerful critical faculties as well as his economic expertise to explode many myths and even dent some bastions of truth, and Henry Brandon, (5) with his great experience as a foreign correspondent in Washington, all set the stage admirably. Sir Frank Roberts (2)



The East-West Strategic Balance in Europe



Western Security in the Coming Years

Brent Scowcroft

Instead of concentrating attention on the Western world's problems of military strategy and alliance politics I would like to review our contemporary perceptions of the Soviet threat.

We have lived with changing perceptions of military threat from the Soviet Union for nearly thirty years, and we knew more or less what to expect. But their strategic posture has recently become a matter for argument and anxiety again and we must look at it carefully. The mass media has been rather sensational in warning against a renewed Soviet aggressiveness and in reporting increases in their military might, while the West has been depicted as enfeebled, and despairing rumors have been broadcast that Soviet research and technological breakthroughs are about to doom us all.

Exaggerated though many of our fears of Soviet military capabilities may be, they do bear some relationship to official estimates and to reality. For a start, we must calculate the consequences flowing from the fact that the Soviet Union has been adding for well over a decade to its defense budget at the rate of 3 to 5 percent a year in real terms.

If we begin with strategic weapons, we can note that the Soviets are now deploying third-generation nuclear missiles. Four new ICBMs have recently completed development, three of them have been tested with multiple warheads (MIRVs) and are now being deployed. There is no question of the increased threat that these missiles pose to hard-point target arrays such as our own ICBMs. Soviet strategic submarines are coming off the ways at a rapid rate, and a new family of SLBM missiles is being developed and deployed, they are armed with multiple warheads, with a greatly increased range and an improved accuracy. In addition, there is the new 'Backfire' bomber which, however controversial its strategic capabilities may be, represents a new and serious threat to NATO. There is also the SS-X-20, an IRBM missile with multiple warheads that, according to the Secretary-General of NATO, is beginning to be deployed against Europe.

Then there is Soviet tactical air capability. This has been upgraded from an earlier system primarily limited to air defense into a formidable, offensive weapons system. Together with an improved quality and an increased quantity of nuclear-capable artillery and rocketry (such

as 'Frogs' and 'Scuds'), these weapons have substantially increased the nuclear threat to Europe.

The development of conventional forces is equally threatening. The Soviets have added about 130,000 men to their Warsaw Treaty force since the 1968 crisis in Czechoslovakia. They have increased their artillery deployment in Europe between 50 and 100 percent, they have significantly increased the density and the modernizing of their tanks and armored personnel carriers, and their divisional strength has been augmented by 2,000 men or more.

A remarkable change has occurred in the character of Soviet force deployments. While increasing their own force strength along the Chinese frontier, their force improvements against NATO have greatly reduced the warning period or lead-time of a possible offensive strike against Western Europe. It may be that the Soviet military are beginning to count upon a lightning attack on the West in case they ever have to fight a two-front war, simultaneously, with the People's Republic of China.

Another consideration of global policy has prompted an expansion of their military power over long distances, particularly at sea. The Soviet navy has been transformed from a predominantly submarine and coastal security force to a 'blue water' fleet of significant proportions. Only the latest evidence was seen in Angola where they revealed an ability to support a sizable force in combat at the end of a complex 9,000 mile pipeline.

Basically, the Soviets are probing for weak areas in Western defenses and in the Third World. Somewhat like spilled molasses, they tend to fill every spot where there is no solid obstacle to their spread. A new and disturbing element has been added to this Soviet 'adventuring' in faraway places: the use of Cuban troops and advisors who act as Soviet proxies. In the past a few Koreans had been used in such a role, but there had been nothing like the scale of Cuban activity apparent in Angola. Nor need this expansion be restricted if it proves successful. It may yet emerge as a phenomenon worthy of our deepest concern.

Because the new dimensions of Soviet capability require the most serious calculation, we must avoid the hysterical responses and alarmism that have occasionally surfaced in the United States. In too many cases there has been a resort to the expectations that prevailed during the most tense years of the Cold War. This emotionalism is counter-productive and it quickly leads to counsels of despair. We can ill afford such an indulgence while our analytical judgments remain unclear.

For example, much of the current rhetoric in

this country presumes that the Soviets have few problems to face in their own economy or that they do not have to wrestle with the budgetary choices that perennially plague us. In short, we tend to be superficial in our analysis of Soviet motives and behavior. At a time when the threat is real and growing, and when we must balance an increasing set of claims on our limited resources, it is essential that we think dispassionately about Soviet behavior. If it is wise to prepare for the worse outcome, we should not come to believe that it is also inevitable.

The Soviet System and Military Behavior

Let us start with a simple statement. With a few exceptions, none of the developments that alarm us in Soviet behavior are particularly new. They are behaving much as they have done in previous years. There is no reason to believe they have suddenly begun to race toward some specific crisis point or to change their spots. They are enlarging their defense budget by 3 to 5 percent annually, but they have been doing so for more than a decade. They are now harvesting the considerable fruits of that prolonged investment, and the resource outcome is extensive.

The CIA recently revised upward the equivalent dollar costs of the Soviet military establishment, raising them to a level of almost double our earlier estimates. This change in cost calculation in no way changed our size estimates of Soviet forces. From an optimistic point of view, the cost escalation indicates that the Soviet economy is only about one-half as efficient as we had once supposed, this in itself should be instructive to us. From a pessimistic perspective, though, we must admit that they are putting twice the burden on their economy and people that we had estimated. That is evidence of the strongest kind of determination. We must then ask what are the factors motivating this Soviet emphasis on military development? To be frank, it must be admitted that we do not know. However, we can make a reasonable analysis of the logical outcomes that they are now weighing. Let us review a few of their deductions.

The first factor to consider in their calculations is the influence of ideology. Communist theory presumes a lasting hostility between capitalism and communism, even though the capitalist world is historically destined to self-destruction, as Lenin put it, the time frame remains more or less open. In the interim, the 'inevitability of war' dogma has been greatly tempered and the Soviets have been fairly shrewd in adjusting to the shifting developments of Western interests.

Another factor of long standing is Russian inferiority. It reaches back into the Czarist period

General Scowcroft, now retired, was President Ford's Assistant for National Security Affairs. Before entering the White House he worked in the Pentagon, first with the Office of the Secretary of Defense, 1968-69 and then with the Joint Chiefs of Staff, 1970-71.

In his prior service he had taught at the United States Military Academy 1953-57 and then had been a Professor of Political Science at the Air Force Academy at Colorado Springs.

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and it has deeply affected Russian history. It helps explain their Slavophil energies and their cultural conflicts with the rest of Europe, both East and West. Russia has a very mixed military record of victory and defeat over the centuries. As a result, its military leaders often strive for force levels which might appear excessive. Armed with an expectation of prolonged and global conflict, they believe that military strength must be built up for long term protection in a fast-changing and profoundly hostile world order.

Nor should we overlook another cultural factor: inertia. We know from practical experience that the Soviet decision-making process is cumbersome and rigidly bureaucratic. Once a program is underway, in a planned economy, it is monumentally difficult to change it. Even in political-military affairs it has been easier to perpetuate commitments and priorities than to switch them. In some cases they have continued to procure weapons systems that were already proven to be cost-ineffective. It appeared that the decision mechanism was too difficult to stop and that they preferred bad choices to run their course rather than run the risk of stopping halfway.

Another factor stemming from past centuries is their constant fear of becoming involved in a two-front war. The implications of their hostility to China are critical to their policy in Europe. It has not escaped them that the Chinese favor the strengthening of NATO and that China has undermined their own position in the Third World. There is no reason to think the Soviets stand in any great fear of a surprise attack by NATO forces but they are in no way as sanguine about their expectations of NATO behavior in the event of a conflict with their former ally in Peking. Their contingency planning for a lightning attack in the West is probably the most extreme reflection of this fear.

As far as the Third World is concerned, we should take note of their distant adventures in Angola, Somalia and Ethiopia. Their motives may be in part to compensate for the disaster that has befallen Soviet interests in the Middle East. Consider for a moment the extent of that catastrophe. Only a short time ago Soviet influence was paramount in all but a few of the Arab countries. Today, except for Iraq and Libya, it is the United States to whom the Arabs turn for assistance, favors and influence. After sending billions of dollars worth of military assistance to the Arab world, the Soviet Union must acknowledge the fact that the United States has replaced it as the dominant power in the Middle East.

I often wonder whether any Western government would have survived politically after a foreign policy debacle of this magnitude? It does

not astonish me that the Soviet Union may be turning to Africa in an attempt to recoup its shattered prestige. Perhaps we should reflect on their record in the Middle East over the past few years as an example of our tendency to ignore Soviet setbacks while magnifying those of our own. This will temper our view of the Soviet's ability to utilize the political value of military force. Their use of military power for political purposes has not been subtle or particularly successful. We must learn to be more skeptical therefore in viewing the Soviet's image of military might.

Conclusions

Western strategy today is basically one of deterrence. Deterrence, itself, is an imprecise result of two ingredients: military force size and capability, and the willingness to use it. The threshold of deterrence can only be judged by estimating an adversary's perceptions and nerve. What must be calculated is the level of force and of determination that is needed to deter him from doing something that is important to him. To use different terms, how can an opponent be convinced in times of crisis that his objectives are either not feasible or not worth the risks entailed in winning them? Our assessment of Soviet threats must reflect a better reading of the Russian's pliability and reasonableness.

It is difficult for me to imagine that the Soviets have ever or are likely to come to the conclusion that nuclear war can be a rational, logical course of action. Though their own deterrent calculations may differ from ours there is nothing in their record to indicate that they will abandon caution and conservatism in their assessment of military risks. Even in the invasion of Hungary and Czechoslovakia they revealed a significant indecision in assessing the political benefits as against the military risks involved, and these actions occurred close to their own frontier, in the thick of the Warsaw Treaty zone.

It is not so much the actuality of strategic superiority as the danger of the emergence of a psychological impression that it exists which is our problem. Should such an impression of Soviet superiority be created, while it might not be wisely-timed or objectively accurate, it could exert a profound impact on the behavior of Soviet leadership, on the leaders of the Western alliance and the Third World — much to the detriment of and eventual danger to the West.

In the Western alliance we too often respond to claims (imaginary or not) of 'superiority' with alarmism and excessive apprehension. We do not have unlimited resources and there are competing demands for our most expensive resources. We must therefore learn to curb our fast shifting reactions to the Soviet Union, both

of fear and of complacency. It is this oscillation between these two poles, this lack of consistency and conviction that can do the most harm. It prompts us to waste valued resources and to strain our alliance understandings. These oscillations increase the chance of miscalculation and they lead to crash programs whenever anxiety rises. To cut back military efforts in periods of calm and to swell them in times of crisis is a most inefficient way to operate a defense establishment.

It might be better if we were to recognize that the threat of war has no finite end. It has been with us for decades and it is likely to stay with us for a long time to come. It can not be met with surges of alarm or with a set of inflexible postures. Nor will the conflict persist independently of the course of political developments within the Soviet system. The Soviets' reaction to the outside world, and especially to the industrial West, will depend to a large extent on their ability to manage their own internal affairs.

It is obvious that we should not deprecate their successes or minimize our own. We have the human and material resources in the West to cope with a long-term competition and to deter them from taking excessive risks. Our problem is not and never has been an inadequate capability. Our problem is that of deciding whether we have the will to read them correctly and to modify their behavior as best we can — whether by encouragement or deterrence.

In this regard we must recognize that NATO is a unique experiment in collective action. It was conceived under threat but it has flourished in a time of peace. While its history has alternated between solidarity and fragmentation, between conflict and *détente*, it has never wavered in its determined defense of the Western world. If it is to survive for yet another generation it will require further economic sacrifices, a relaxation of political nationalism, a higher level of policy cooperation and an improved standardization of weapons, budgets and planning procedures. These are problems with which we are already too familiar. If we are able to perceive the objective measurements of Soviet threats, without succumbing to the temptations of wishful thinking or excessive gloom, I am confident that the collective security arrangements of the Western world can remain strong over the coming years.

DISCUSSION

The Soviet-American Military Balance

John Rielly. The chairman has asked for an American contribution to this discussion and I am glad to volunteer a few suggestions. I partic-

ularly want to look at the optimism that has entered Washington with the administration of President Carter. It has curbed some of the alarm and the emotional excesses that General Scowcroft had perceived, no doubt correctly, from his position in the White House in the last few years.

The first point to note is that we now have an administration that enjoys the overwhelming support of the electorate. For four years our government was led by Presidents who were subject either to a possible indictment or to the charge that the office was not rightly won by election. Mr. Carter enjoys an authority, especially in formulating his foreign policy, that his predecessors sorely lacked.

Second, Mr. Carter has recognized that he had to rebuild the domestic constituency to which his policy must appeal. He campaigned on the issue of replacing the cold calculus of *realpolitik* with the moral principles and the idealist values that impress the American people. In this regard he condemned the secretive, 'lone ranger' negotiations of Henry Kissinger. He took a strong stand on relating the human rights clauses of the Helsinki Agreement to the continuing negotiations of a SALT treaty. He may have worried the Soviets by doing so, but he won considerable support for his decision from the Congress and public opinion.

It seems that the Soviets are coming round to accept, even if they do not welcome, the adamant principles of the Carter administration. As General Scowcroft rightly noted, the Soviets' foreign policy initiatives in the Middle East have collapsed, their prestige in Europe is not impressive, and their new-found adventures in Africa (with Cuban or Ethiopian proxies) may involve inordinately high risks. In addition, the Kremlin must now contend with an American leader who insists upon human rights while daring to slow down the SALT talks or the supply of industrial technology and investment credits. This has suggested to them, as I recently discovered in Moscow, that the politics of the arms race must once again be pursued from their traditional vantage of 'negotiating from strength'. It is not so much that fear moves them — though the uncertain changes of leadership in China have generated a considerable anxiety. It is the requirement to face up to American leadership that prompts them to maintain a burdensome and increasing level of military expansion.

Brent Scowcroft. I tend to agree with most of these observations but I would like to respond to a few of the specific questions about Soviet behavior that were raised by conference participants.

I mentioned that Soviet strategists have long

insisted upon the pursuit of a doctrine of overwhelming strength, whether in weaponry or in military manpower. In doing so they have perpetuated the shibboleths of the Czarist leadership and of the Stalin era. They can not envisage an acceptable situation in which the USSR is clearly inferior in military technology or might to their Western adversaries. The lesson that they learned, realistically, from their failures in the Cuban missile crisis in 1962 was that a deterrence show-down with the West could not be won if their military posture remained inferior. They resolved to build up conventional force strengths as well as strategic weapons capabilities after their 1962 experience. Their adventuring in Africa and the Middle East reflects their further need to operate as a global adversary of the West outside the stand-off in Europe.

I suggested that a deep-seated inertia tends to condition their bureaucratic pursuit of strategic goals. Their decision-making apparatus is inefficient and ponderous. For example, in past years they discovered that their SS-13 missiles were inferior to the SS-11 and that the SS-17s were less useful than the SS-19s. While we would scrap the inferior systems when the R&D cycles were complete, they moved ahead into production and deployed all of them. This rigid mode of programming was probably a response to bureaucratic imperatives, but it obviously cost them dearly in scarce resources.

A question was asked about the comparatively wasteful decisions of the Western alliance. It was noted that the ratio of 'tail to teeth' was disproportionate and that NATO spends too much on support and too little on front-line forces. This is true, but it is dictated both by the exigencies of a fifteen-nation alliance and by the high standards of logistic support expected by our various military establishments. It may be that we should create a more lean, mobile and self-contained organization for support, we will then be able to shift more of our resources into the 'teeth' of war-fighting units. We have begun to slim down our tactical air capabilities in this manner. But if we are to proceed further we must learn how to co-ordinate the decision procedures within NATO and how to avoid the costly duplication of weapons systems. There are political obstacles to overcome in this regard that have yet to be resolved, too many governments want to finance their own weapons systems without referring to joint procurement procedures. I remain confident, however, that we will eventually find the will as well as the political skills to achieve a greater efficiency within the alliance.

Soviet and Western Concepts of Deterrence

Martin J. Hillenbrand. In recent years there has

been a renewal of the fear in Europe that the United States might be either unwilling or unable to deter a Soviet attack across the North German plain. There appears to have been a psychological decoupling within the alliance. A number of politicians and editors in Europe have begun to speculate what the U.S. would really do if the Soviets attacked with great conventional forces and swept across the Rhine toward the Channel. Would the Western armies fall back from their forward defense positions and look for a pause or a fire-break before resorting to a nuclear response?

General Haig, as SACEUR, has tried to dispel the more simplistic and unreal of the scenarios that have been conjectured. He has reiterated that there is no cause for an erosion in the credibility of the nuclear commitment to NATO on the part of the United States. Unfortunately, public opinion in Europe is not well informed on strategic affairs. Voters generally do not recognize that the Soviets must remain basically uncertain about the timing of a nuclear response, if the Soviets felt more certain, they might one day be tempted to run greater risks by testing or even blackmailing the European allies. The search for a more explicit doctrine of deterrence could therefore harm the alliance. It would set out an assured set of rules for a nuclear engagement and this could prompt, without meaning to do so, a destabilizing change in the stand-off between the super powers and their allies.

Otto Pick. This analysis can be taken a step further. The military doctrine of the Soviets is not a mirror-image of that held by NATO. We believe that there must be a clear break between the use of battlefield (or tactical) nuclear weapons and the first launching of strategic missiles. The distinction may be difficult for public opinion to grasp, but the Soviet military journals and commentators understand its significance. The Soviets have a different view of deterrence, which they regard essentially as a destabilizing factor. In other words, they do not seem to believe in it the way we do.

General Scowcroft properly emphasized that a reliance upon overwhelming strength has long characterized Russian military thought. Today, it appears, the Soviets are accelerating their build-up at tactical, naval and strategic levels in order to enlarge their force options. They do not share the Western belief that the purpose of a nuclear force is to secure a mutually deterring balance of terror. Force is a political instrument, as their history tells them, that is not employed for purposes of restraint. The early escalation from battlefield to strategic nuclear weapons, which we fear, is regarded by them as a matter of course. In straining to deploy a rap-

id use of firepower, at maximum levels, I suspect that they are trying to replay the massive, set battles of World War II.

This does not mean, of course, that Soviet military cadres are planning to launch a surprise attack, or that they are prepared to put to the test their doctrinal rhetoric regarding 'war survival' capabilities. But they do need to reassure themselves that in threatening to use terror weapons for political purposes they will, in fact, demonstrate to the West their determination to face us down for thirty more years of arms races and arms-control maneuvers. It is their hope that the will of the Western alliance will eventually break. I would be surprised, therefore, if they ever conceded to a serious diminution of the qualitative arms race or to the SALT constraints upon quantitative escalations.

Wolf Graf Von Baudissin. We must question some of our judgments about the East-West nuclear balance and about the Soviets' motive to attain strategic parity or superiority. First of all we must recognize that as a world power the Soviets can compete with the West only in terms of military might. In political or economic affairs they stand in a highly inferior position; thus they must compensate with claims to an eventual military superiority even if this leads to unwise doctrine or threats regarding the political purposes of terror.

Second, we must recall General Scowcroft's judgment that the Soviets are relatively cautious and conservative in taking risks. When we talk about 'assured destruction' capabilities we think in abstract terms. To the Soviet system, the loss of even one percent of the population or of industrial plant would be catastrophic; the political consequences could be totally unacceptable, particularly in the light of the continuing antagonism with China.

The question to be asked, therefore, is whether the Soviets can afford to accept either parity or transparency in 1977, let alone in 1987? Their economic and social resources are considerably more limited than those available to the Western world; and the real showdown in the arms race might not come for another ten years. What should they do, then, to keep NATO off balance while keeping their own options open for another decade if they do not follow a political prescription for military deployment?

An Anti-Military Dissent

Walter Goldstein. There is an element of what an eminent sociologist called 'crackpot realism' in most discussions of military strategy. I want to dissent from our apparently dispassionate assessment of nuclear options and threats. We

have imputed to Soviet and Western strategists, alike, a greater capacity for rational behavior than the record can justify.

As a first piece of evidence let me quote from my experience as a consultant to the U.S. government in the early Vietnam years. I heard experts prove that the nation's security would collapse:

1. If NATO did not create an immensely expensive and dangerous instrument, the MLF nuclear fleet.
2. If Canada did not immediately buy our ABM defense system to help 'shelter' this hemisphere.
3. If the U.S. should ever desert its degenerate allies in Saigon.

The skillful advocates of these mistakes were not certifiable. Nor were the Air Force specialists who argued that the B-1, the Cruise missile, the neutron bomb and the super-MIRV warhead were vital to our defense. Should we not buy these totem symbols, we are warned, the Soviets will overwhelm our second-strike capabilities, they will melt our ICBMs out of the sky, and their superior tank and artillery divisions will burst through to the suburbs of Hamburg. I sometimes feel that the Pentagon's computer print-outs were really designed for choral singing.

Then there is the problem of SALT and other arms control negotiations. At present, both sides have raised the number of permissible ICBM launchers toward 2,400 apiece; this will allow us nearly 10,000 nuclear warheads (and the Soviets 6,800) and we will later deploy 3,000 SRAM-Cruise missiles. This disguised form of rearmament appeals to the military's self-interested alarmism on both sides.

It is easy to talk about the confusion of public opinion in the liberal democracies. Yet the gravest decisions on Vietnam, the MLF and the ABM proved to be hideously false, and no one informed the voters that strategic intelligence is not supposed to be read literally.

But what are we to make of another source of confusion among the electorate? While Western governments urge that military budgets must be increased, they also scramble to trade with the Soviets and to provide them with cheap lines of credit — not for consumer goods but to build up their industrial infrastructure and their high technology installations.

It has escaped our notice that the required

policy procedures were followed with some care while escalating a fifteen-year war in Vietnam that cost \$150 billion and 50,000 American lives (the Vietnamese casualties were never even counted). Two Presidents were discredited and the credibility of the professional military was greatly impaired. But all we ask is how can the NATO governments restore the confidence, or the gullibility, of the electorate as they continue their shadow-boxing with the USSR?

Sir Frank Roberts. I found that criticism of military planning quite fascinating. I would be more sympathetic to such dissenting views if I thought that a comparable opposition could ever be heard in the Eastern half of Europe.

My point is warmly shared, it seems, by others present today.

The Impact of Ideology on Soviet Military Policy

Henry Shapiro. Several references were made to the influence that ideology is supposed to wield over Soviet military doctrines or foreign policy. Insofar as this relates to Marxist-Leninism, I believe the influence is exaggerated. The Soviets educate their young and their leadership cadres in the terminology of the faith, as we do with formal Christianity; but the impact on decision-making is, at best, tangential. Their actions in Budapest, in Prague and in the Middle East were not instruments of a world revolution. They were expressions of traditional nationalism and Russian interest. In this regard, Khrushchev was the last messianic ideologue to sit in the Kremlin. His hard-line colleagues, such as Suslov and Ponomarev, are still supposed to indoctrinate the cadres, but they do not play an active role in making policy.

Stephan G. Thomas. But indoctrination functions are not unimportant in a system when leadership changes are imminent and external pressures are worrying. The ideologues in Moscow have to contend with the dissidents at home and with the schismatics abroad who flaunt their contagious Euro-communism. They must also persuade their young of Russia's superiority over the decadence and consumer blandishments of the West. This is a difficult challenge when the USSR is no longer in the vanguard of world revolution. In Leninist term, as the Chinese constantly remind them, they have become a revisionist power.

Otto Pick. I would go a step further. I believe that their messianic ideology, which is supposed to prepare their youth for a 'long haul' combat with unreliable capitalists, is steeped in an ancient Slavophilism. It is best represented

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hrushchev was the last messianic ideologue to sit in the Kremlin.

by Solzhenitsyn, a Russian visionary who would give us considerable trouble if he ever replaced his former oppressors in the Kremlin

Philippe Deshormes That is an excellent point. But do not underestimate the need of Brezhnev and his colleagues to resort to Leninist analysis. They argued with the Portuguese communists that their tactics, first of confrontation and then of cooperation, were inaccurate in ideological terms. Now they have to correct Georges Marchais and the PCF who have come to endorse the French nuclear capability and the *force de frappe*. If they ever dispense with ideological rhetoric there will be little camouflage left for the Russian national interests that remain constant beneath their diplomatic posturing.

Martin J. Hillenbrand We must distinguish between the ideological difficulties with which the Soviets now struggle. Traditional forms of Slavophilism are rejected in Poland, Hungary or Yugoslavia, yet each regime must somehow be kept in line. Their youth recognize that party indoctrination will play a small role in their daily lives or in their career expectations. Yet they must be motivated to serve in the nation's military and economic cadres. They must also be taught to despise the materialism of the West and to withstand the doctrinal assaults of the Chinese.

Brent Scowcroft We cannot deny that China creates a major anxiety for the Soviets. They may not envisage an immediate war with their powerful ex-allies in Peking but they cannot forget that China will possess a major nuclear force in ten or fifteen years time. China's nuclear development has been slower than we might have expected and it does not directly threaten us now. Soviet negotiators at SALT are always mindful, however, of the power that the Chinese will command one day.

Sir Frank Roberts Soviet anxieties are indeed well founded. The empty spaces of Siberia are alarmingly close to the great population centers of Manchuria, and China insists that they were taken in a fit of Czarist colonialism under a set of unfair treaties. Obviously, the Chinese have created considerable embarrassment for the Soviets overseas. In their maneuvering in the Third World and in their denunciations at the U.N. While at home the Soviets must contend with the images of dedication and hard work that the Chinese broadcast to the youth of the USSR and Eastern Europe. If we have any doubts left about the ideological threat posed by China we need simply look at their influence in halting the Soviets' attempts to reassert their

leadership of the communist camp in recent congresses of the world's communist parties

Soviet Interests Outside Europe

Walter Goldstein I foresee a new problem emerging outside Europe — in Africa. Western powers were tempted to create new Vietnams in Angola or Somalia, fortunately without success. But there will be a greater temptation to intervene as civil war spreads into Rhodesia, Namibia and South Africa. What will we do if major bloodshed upsets the white settler regimes in southern Africa? We can either remain passive and insist that Mr. Carter's emphasis upon human rights precludes our support for an embattled, racist minority. Or we can declare that the black revolutionary friends of our enemies are threatening to world peace, since they are enemies of our white friends. Whatever the outcome, I foresee a great political turmoil in the Western capitals as the race wars of Africa unfold.

Nor would I be complacent about the revolutions that might come to upset many of the 42 countries that have entered into military alliances with the United States, especially in Latin America or Southeast Asia. Reformers and revolutionaries might take our stand on human rights seriously and overthrow the military juntas and the repressive regimes (in South Korea, Brazil or Singapore) to which we have given massive military assistance. Will the electorates of the West grow tired of the many repressive regimes that we are committed to support, or will we summon up a new threat of communist subversion every time a dictator falls?

Wolf Graf Von Baudissin I agree that these prospects are troubling and divisive. But they are also threatening to the Soviets as well. They will not gain much from colonial interventions in Ethiopia or Angola, not even with Cuban proxies. On our side, I think that Admiral Strauss has overdone the threat, in purely strategic terms, that a Soviet-backed force could mount in Africa. The Soviets would not want to cut the vital supply of Western oil that comes from the Persian Gulf around the tip of Africa. First, they depend to an ever greater extent upon the trade and high technology that comes from the West; it would not profit them if our industrial stability and our oil supplies were seriously disrupted. Second, if their naval forces in the area interdicted our supply lines, this would clearly be a *casus belli*. Until the Soviets are ready to challenge us in a global war they are not likely to harass our oil tankers at sea.

Brent Scowcroft I tend to support these judg-

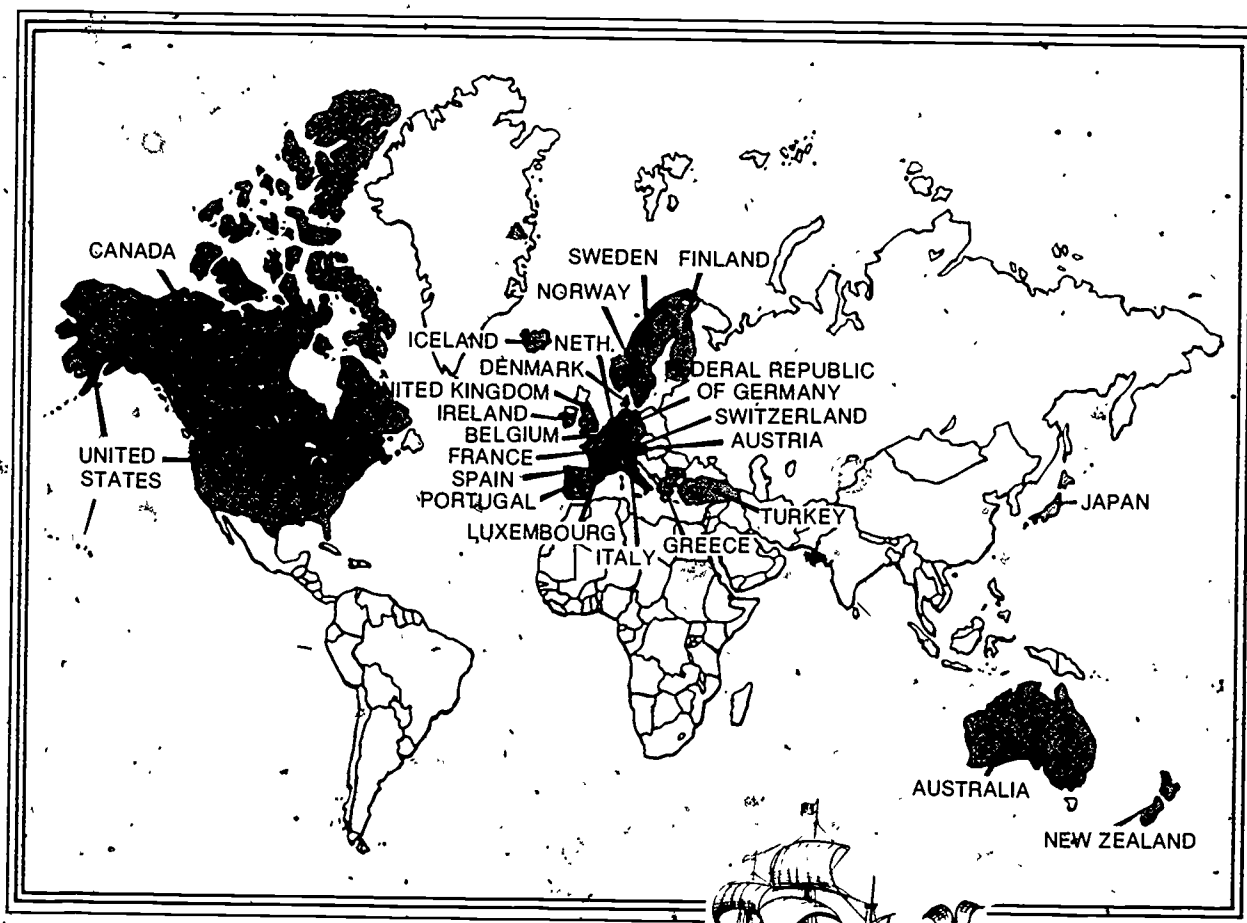
ments. I said that the Soviet and Cuban intervention in Angola was prompted by their catastrophic failures in the Middle East.

As far as Southern Africa is concerned, I think that it is probably correct to anticipate that grave turmoil in the Western capitals will mount as we determine how best to respond. For the time being, the South Africans are anxious to assist the progress of the U.S. and U.K. initiatives. They realize that if they were to support the intransigent regimes in Rhodesia and Namibia, it would not be to their benefit in the long run. They need to buy time, to formulate moderate and durable solutions. Refusing to make concessions now could succeed only in polarizing the conflicts of the future and in encouraging the violent men looking for radical outcomes.

Sir Frank Roberts By way of a conclusion let me interject a last point. We have noted that ideological determination and world revolution are not characteristics of present Soviet practice. If the Soviets pursue limited adventures overseas and an increased military program at home, it is because they need to buy some insurance for the long haul, as Otto Pick put it. They are not looking to a destruction of today's *détente* but to securing stronger options in the conflicts that might emerge in the 1980s. They are impressed by the superior resources of the Western world, but they must safeguard their own strength by challenging our positions where they can and by wearing down our determination to meet them in a protracted conflict.

Along these lines, I am worried about the new generation of Soviet leaders. Their aging cadres recall the Stalinist purges, the victories of World War II and the demanding sacrifices for reconstruction. They are now old, cautious and relatively content with the axioms of co-existence. Will the younger cadres share their belief that a protracted conflict requires conservative initiatives and the avoidance of excessive risks? Will they agree that the Cuban missile crisis of 1962 reflected the political limitations that must be imposed upon the use of military force? We have failed to consider their generation gap, but we will return to the issue in the last session of this conference.

Organization for Economic Cooperation and Development (OECD)



Which is the West That is Likely to Survive?

Walter Goldstein

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quiet revolution began in the world political system a few years ago, and its momentum is now gathering speed. In 1973, the Vietnam war ended and the OPEC oil squeeze began. These two events signalled that a sharp change had come after twenty-five years of military confrontation between the North Atlantic and the Warsaw Treaty powers. Attention began to turn from the unsettled balance of nuclear terror to the more immediate anxieties of world trade and monetary problems. As each nation's concern for inflation, recession and balance of payments difficulties mounted, the traditional conceptions of Cold War confrontation diminished. Economic anxieties, both at home and overseas, began to replace military tensions in newspaper headlines and in parliamentary debates.

The nation-states of the Western world are obsessed today with their industrial shortcomings and with their vulnerable dependence upon the international economy. Policy conflicts within NATO and the defense establishments are considerably less important than national maneuverings within the IMF, GATT, OECD and the CIEC (the Conference on International Economic Cooperation, otherwise known as the North-South dialogue). Military strategists still clamor for an increase in defense expenditures and weapons deployments, but their advocacy does not receive the attention they once commanded. Instead, Cabinet meetings are pre-occupied with questions of wage-price inflation, reductions in welfare expenditures and manipulations of the monetary supply. The last three 'summit' meetings of Western leaders, convened by Presidents Ford and then Carter, were devoted to issues of international trade and tariffs rather than to the perennial issues of NATO strategy and East-West détente.

The reasons for this switch in policy concern are immediately evident. The surge of economic expansion, that we saw in the years between the Korean and Vietnam wars, has clearly come to an end. Each nation in the Western world now has to cope with a set of desperately worrisome problems. They can be briefly summarized:

1. There is an overall deficit of \$45 billion in the balance of payments of the Western world. It stems largely from the 500% increase in oil prices and the impact of worldwide inflation. It

has prompted national governments to open trade war assaults upon their neighbors and competitors. Their objective is to boost export and to curb import trade in a manner that will generate the hard-currency earnings necessary to finance their expensive energy bills.

2. An era of 'stagflation' has seized hold in the West. Rapid rates of economic growth have disappeared; in their place have appeared the twin, dread evils of permanent inflation and a high level of unemployment. Productive capacity lies idle in many economies, there has been an attendant decline in real income, in social services and in the dynamic of economic expansion.

3. There has been a false celebration of 'interdependence' in the world's market place. Though nations are strongly linked within trade blocs and common markets, and though East-West and North-South ties have multiplied, each nation has become vulnerable to monetary surges and floating devaluations in the supply of liquidity. The autonomy of the national economy has been gravely eroded, and the sovereignty of democratic governments has consequently been impaired.

4. The impact of global economic change has imposed a set of almost insuperable difficulties upon Western governments. Try as they will, democratic administrations in Britain, France, Italy and many countries have been unable to contend with the imperative course of economic decline. Even the 'locomotive' economies, in the United States and the Federal Republic of Germany, have had to limit their foreign policy options in order to safeguard their monetary reserves, their energy supplies or the stock of domestic jobs.

5. The reliance of Western capital and industry upon markets in the East and in the Third World has brought a revolution in international affairs. The nuclear solidarity of the West began to fragment as NATO allies competed for trading advantages overseas in order to shore up their failing economic structures at home. Industrial expansion has become the critical concern and military preparedness the dependent variable of Western diplomacy. This has reversed the stable priorities set during twenty years of Cold War.

The outcome of these sweeping changes has come to generate a surprising level of pessimism, despair and hardship in the Western alliance. Governments have been elected, often as weak coalitions, to repair each nation's declining fortune, but few of them have succeeded in reversing — or even halting — the onset of international decline. After three years of recession

it now appears that a Western block will probably survive, but only if the stock of productive wealth can be conserved and enlarged by a joint action program. It is conceivable that such a program will never begin. The stimulus of the Cold War has receded, and the West can no longer be rallied by invoking future threats of nuclear chaos. Nations today must contend with the grueling rivalries of world trade rather than with the bipolar thrust of a nuclear arms race. The brinkmanship tests of Western resolve that appeared in Berlin in 1948 or in the Cuban missile crisis of 1962 have been replaced, though not resolved, by the multilateral maneuverings that pre-occupy the IMF, the BIS, GATT, OECD and OPEC.

The Classification of Nation States

The nations of the world were once categorized by the colonial empire, the collective security alliance or the military supply source with which they were associated. Today their political affiliations are determined by the trade bloc and currency float to which they belong. In most cases, their economic opportunities are of greater significance than their diplomatic integrity, the domestic and the foreign policy behavior of an insolvent nation, such as France or the U.K., can vividly demonstrate these developments. Three categories of nations can be seen in the world of mounting trade wars.

1. The first world, with which we are largely concerned, comprises the twenty-four rich states gathered in OECD. They are the free market and the liberal, capitalist democracies of Western Europe, North America, Japan and Australia. They are rich in purchasing power and relatively affluent in their standards of living. Governed by multi-party political systems, though often in weak coalitions, they tend to limit the intervention of government agencies into their market economies. Fundamentally, they have come to rely upon a free flow of investment capital, multi-national production and international trade activity. Their commitment to free trade may once have been a source of strength, but it is now an awesome vulnerability. Unless they can survive in the demanding scramble for world trade, their currencies will weaken, their production lines will close, their balance of payments will falter and they will be internally torn by the forces of inflation.

It is instructive to note that in the last twenty years the Western nations saw their GNP increase by a factor of two while their aggregate earnings in world trade grew by a factor of five. The implications were obvious. A national economy was only as strong as its performance in world trade would allow, if it faltered it would experience a headlong decline in per capita

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the under-developed world is riven with internecine conflicts, domestic upheavals and a mounting burden of surplus, unskilled people.

GNP and in its relative standards of living. Containing only one-quarter of the world's population, the Western world enjoyed three-quarters of all trade earnings and of gross world product (GWP). But its dominant position is now threatened by anarchy in the international economy and by a competitive divisiveness in its own ranks. The sense of doom spreading through many Western economies is not misplaced. Their place in the sun is severely threatened.

2 The second world comprises the communist members of Comecon in Eastern Europe and the USSR as well as the maverick economy of China. Insisting upon various modes of collectivist planning and government control of industry, the twelve nations of the second world are more divided by the ideologies of planning than military defense. Their resources are clearly inferior to those of the 24 economies in OECD, and this has moved them from a military *détente* with the West to a full-scale pursuit of industrial cooperation. Their growth rates have begun to move in accord with the pace of boom or recession set by Western trade tempo; ironically, this has reduced their ability to initiate military probes or diplomatic forays. Comecon has become increasingly dependent upon Western investment credits, foreign trade and industrial technology. Running a huge deficit with the West that could exceed \$100 billion by 1980, it has abandoned its revolutionary pretences in order to sub-optimize its industrial collaboration with the Western powers. Though the Warsaw Treaty nations have maintained a high level of military spending, they have acquired a revisionist interest in stabilizing the exchange — rather than the confrontation — values of the current world order.

3 The third world of one hundred less developed countries (LDCs) has come to dominate the rhetoric of the UN and other international agencies, but its real power standing is remarkably weak. Twenty-five of the nations enjoy a greater affluence and capacity for development than their seventy-five impoverished and teeming neighbors. The twenty-five include the resource-rich nations (a dozen of which belong to OPEC) and the regimes that have attracted sizable Western investments, such as Brazil, Mexico, Taiwan, Singapore, South Korea and Nigeria. The remaining LDCs in the 'fourth world' are impoverished and will remain so in the century to come; they include India, Pakistan, Indonesia and at least forty states in Africa.

The under-developed world is riven with internecine conflicts, domestic upheavals and a mounting burden of surplus, unskilled people. Governed by military juntas, one-party dictator-

ships or repressive oligarchies, they resent the 'free trade imperialism' and the neocolonial exploitation that they associate with either the former empires or the domineering dollars of the West. Many of their cities shelter (if one call it so) ten million slum-dwellers apiece, their excess populations will overwhelm all possible welfare arrangements and environment controls before the turn of the century.

Most of the LDCs are not impressed by the diplomatic courting or the miniscule aid that they receive from the communist world. But few of them will admit the painful truth that their future strength depends to a significant extent on their ability to attract Western investments or trade. They know that roughly one-third of the balances of payments of Europe and the USA is derived from North-South exchanges; they also recognize that this North-South trade flow is critical to the buoyancy and expansion of the 'post industrial' world. Unfortunately, their terms of trade are so weak that they can derive little gain from their transactions with the OECD bloc. Their currencies are too soft to strike good bargains, and their export earnings are inadequate to purchase the price-inflated imports that they must acquire. By the year 2000 their preponderance in the world population will reduce their leverage, not increase it. Most of the LDCs can not realistically hope to raise their opportunities for work or to expand the bare necessities for survival. It will not be surprising if they resort to regional wars, as in the horn of Africa, simply to let off steam and to ease their population pressures. They might yet prove that the dire predictions of the Reverend Malthus were flawed by optimism.

Which is the West That Will Survive?

This gloomy *tour d'horizon* tends to confirm the various prejudices that Spengler, Marx or Toynbee articulated in predicting the secular decline of bourgeois civilization. We were diverted from their predictions during most of this century, first by the violent demands of two World Wars, then by the military arms race of the Cold War, and then by the economic growth and the unprecedented consumer affluence that ensued. We were rudely awakened after the Middle East war in 1973 and by the OPEC oil squeeze that followed. Western governments complained bitterly, but many of them fell before the next round of devaluations and recession had run its course. Each nation sought for the political formula that could revitalize the economy at home while simultaneously enlarging its share of world trade. Most of them failed abysmally.

In failing to locate the illusive formulae for port-led growth, that mirage beguiling all Min-

isters of Finance, the Western governments began to recognize that not even the stability of the political system could be taken for granted. Greater claims upon public revenues were advanced as unemployed youth, under-privileged minorities and ethnic separatists clamored for more work or welfare benefits. Their claims increased as the economic resources in many nations drained away. Conventional economists and radical theorists, alike, were unable to formulate convincing solutions. The PCI, the PCF, the Labour parties, the CDU and conservative interests did not know what to do. Nations experimented with expenditure reductions and pay pauses to shore up their exchange reserves or to suppress inflation, but none of them succeeded. Growth rates sank as energy prices rose, and political disaffection grew proportionately with unemployment and inflation. As a result, cautious coalitions blundered forward, but their electorates lost confidence, they were no longer sure that the comfortable, bourgeois and expansive order could rise to meet the challenges of the next decades.

Three Models for Growth

Basically, there are three models of world order that can be conceived from a Western perspective. The first two command considerable popular support even though they are starkly unrealistic and undesirable! The third involves a profound systems change, but it is not sufficiently explicit to guide public policy or sufficiently conventional to appeal to electorates bent upon conserving the status quo. As a result of this intellectual impasse, a phenomenal political hypocrisy has developed. Widespread demands are made to shore up a social order that may no longer be feasible, doomed to failure, the economic policies of the day have depressed the optimistic beliefs of Western society and inhibited political judgment. The consequences are highly regrettable. Attention tends to focus upon the first two of the models of future world order while the third is largely ignored. It is this intellectual evasion that poses the worst threat to the survival of Western dominance.

1. The *laissez faire* model is the least desirable and the most likely to be pursued. It requires that no costly or reformist action be taken to arrest the course of national rivalries, currency maneuvers and trade wars on which we have embarked. The model simply posits that in the anarchy of world-trade the fittest states will survive. It is regretted, of course, that they will have to resort to the wiles of economic nationalism and fiscal rivalry to win their advantage. About these are dismissed as natural but in the race for growth.

A few steps have already been taken. Tariff barriers and import quotas have been imposed on Japanese steel, televisions and cars imported on both sides of the Atlantic. Many other stratagems will be deployed as the strongest or the most protectionist of nations enter the competition. Currency snakes will be pushed into devaluation tunnels or 'dirty floats', incoming foreign investments will be favored with illicit tax waivers and export subventions, even though GATT and EEC rules forbid both practices. Such maneuvers in the 1930s produced a worldwide depression, each nation sabotaged its neighbors' trading opportunities and every one went into recession. A renewed competition to 'beggar thy neighbor' has begun and many of the Western nations are now ready to escalate their performance. They mistakenly believe that their solo performance will allow them alone to contain domestic inflation and to pay for their external fuel bills. The myopia in their calculations is politically popular and economically absurd.

The absurdity of trade wars or of 'free trade imperialism' has not deflected government policy in the past. Only ten years ago the U.S. Treasury developed a new variant; it financed the budget deficits and the inflationary costs of the Vietnam war by flooding allied capitals with billions of over-valued dollars and artificially priced investments. Germany and Japan are today seeking a cheap revenge by undervaluing (or 'dumping') their goods and currency surplus on their friends. If they played by the agreed rules their vital export trade would be priced beyond the reach of world markets.

There is no cause for optimism in the *laissez faire* model. Negative-sum games do not play themselves out once a new balance is struck; they tend to spiral upwards and accelerate as more actors strain to compete. It is likely that a thorough dislocation of the global trading system could materialize, as it did in the 1930s, before this model is finally abandoned by industrial Darwinists and conventional Treasury officials.

2. The West rampant is the second model that beguiles popular enthusiasm. It posits a unified and a militant spirit in the Western world that could prompt us to take arms against a sea of troubles. In its most extravagant version it calls for a D-day invasion to seize the oil-rich deserts of the Persian Gulf. (One set of professional consultants to the Pentagon has already laid out a contingency plan for such an absurd power-play.) It also calls for a ganging up against the weaker players in the game; this might program a forcible depression of copper, bauxite, tin or coffee prices by temporarily flooding world markets with reserve stocks or by ma-

nipulating commodity prices. As another tactic, the West could suppress the price of primary products by maneuvering the LDCs into a humiliating depression of their currencies and their terms of trade; this would force them into accepting the bully politics of a buyers' market.

A more fanciful scenario can envisage the relocation of multi-national investments and production from any country that elects an 'unreliable' or leftist government to forcefully restrain the international movement of capital. The precedents are realistic and reassuring to the model makers. Multi-national firms began to 'run away' when the Italians imposed tight price, wage and exchange controls in recent years. BP, GE, Siemens and even Fiat moved their new plant elsewhere and closed some of the old. Investment capital flowed out of Rome and Paris as the vote for the left rose and the prospects for communist involvement in government improved. Should the conflicts over EEC and U.S. tariffs ever be settled, it will be tempting for both to join forces in fighting the Japanese. Both will find it 'defensive' to tax Toyota and Datsun out of the Atlantic markets or to prevent their capital-intensive and beach-head plants from entering California and Ireland. Both the U.S. and the EEC will be tempted to argue that a little protectionism does no harm, especially when they consider the millions of jobs that must be saved in Detroit, in Wolfsburg or in Birmingham.

The greatest irony in a West rampant would appear in its aggressive pursuit not only of North-South but also of East-West power plays. The opening shots have already begun. The idle steel plants of the EEC hope to win procurements for the natural gas pipelines and the chemical refineries to be built in the U.S.S.R. and Eastern Europe. Renault and Mercedes are heavily involved in the Kama River truck plant and Fiat has built a huge assembly line in Togliattigrad. Both projects are controlled by sophisticated U.S. computers, and both were financed with credits managed by Western banking syndicates in the Euro-dollar market. The managers of Kuwait, Sumitomo and El Paso Natural Gas have shown their confidence in the Soviet regime and in a long-run *détente* by accepting repayment for their current investments and technology — over decades to come — either in oil deliveries or in chemical products. As hard-driving businessmen who take risks only when future profits are assured, their confidence in Soviet behavior remains unshaken. Perhaps it is time to review the axioms of Western strategy. Indeed, it might be wise if the objective of the Western alliance were now aimed at collectively exploiting the communist world and not containing it!

3 The third model is less simple, popular or

decisive. Instead of pursuing the anarchy advocated by *laissez faire* enthusiasts, or the militant policies needed to strong-arm North-South and East-West power plays, the third model presumes that a certain sanity and pre-emptive planning can be brought into the international economy. If the course of realism and planning were to be pursued, it posits, the beggar thy neighbor tactics of trade warfare would have to be fore-sworn, so, too, would the fiscal manipulations that crept into use once the fixed exchange-rate agreements set out at Bretton Woods had been dissolved. Negotiations to harmonize and regulate trade (that are now talked to death at GATT, at Geneva and the CIEC Conferences) would have to move from rhetoric to action. Governments would have to honor a new set of trading constraints and they would have to find a greater sympathy for the weakening nations in the world trade contest. Unfortunately, it is not likely that Western electorates will agree to either condition as both would affront their sense of national interest and of competitive economic prowess.

There is little hope that such a radical set of agreements will ever be negotiated. At present, the scramble among nations to finance their increasing energy cost is highly destabilizing. Instead of rationalizing the supply and the conservation of oil flows in the consuming nations, there is a blind drive forward to compete for a resource that will become more scarce as the century closes. Energy planning has been viewed with skepticism in most countries and international markets. Unless it is programmed by oil companies as gigantic and multi-national as Exxon or Royal Dutch Shell, planning is associated today with bureaucratic rituals insensitive to market forces. *Dirigiste* planning by nation states has been particularly condemned; it is supposed to be inefficient, cumbersome, costly and chauvinist. Worse still, it reinforces the nationalist errors that Adam Smith had identified with neomercantilism in *The Wealth of Nations* as long ago as 1776.

The alternative arrangements offered by national planning and international cooperation are difficult to categorize but their possible benefits can be conjectured. If the industrial economies of the West ever harmonized their monetary, taxation and growth schedules (as the EEC had once intended), they could move together to curb inflationary surges and devaluation floats. Though they would have to look after political claims and unemployment problems on the home front, the Western democracies could still subordinate some of their national economic programs to the needs of the international economy. This would require a costly sacrifice. So costly, unhappily, that most gov-

ernments would simply refuse any surrender of their industrial sovereignty to an allied or to a supra-national agency. To cite just one example, Germany and Japan have resisted the appeal of the U.S. and OECD to revalue their currency upwards and to constrain their powerful performance in export competition. They fear that jobs would be lost and export opportunities surrendered if they ever succumbed to the reflationary appeals of their weaker allies and trading partners.

Another aspect of this third stratagem to stabilize Western wealth is even more daunting. If the low-growth projections of many countries are ever to be raised upward, multi-national firms and banks will have to switch their geographical priorities in deploying capital investments and production schedules. Since they command the largest aggregations of capital resources and patented technology in the trading system, they will have to deploy their wealth where it is most needed rather than moving it to the countries where the return on investment is most profitable. In this case, a GE or an ICI would be obliged to place new investments in Liverpool or Brazil and not in the U.S. or the EEC, and the French banks, nationalized though they are, might have to finance new projects at home rather than in Texas or Osaka. It seems unlikely that they will follow such political advice in the years to come — unless they are subjected to a powerful set of international agreements and global sanctions.

The critical ingredient in the third model of Western development is that of investment planning. If investment credits and production resources are allowed to concentrate where the opportunities are most lucrative, the giant corporations and banking syndicates will profit but their home economies will lose. Volkswagen will escape the escalating wage rates in Wolfsburg by building new plants, as they have already begun, in Brazil and Mexico. A million jobs in the U.S. electronics industries have already been exported from Chicago and California to Taiwan and Singapore; the weekly wage in these LDCs is less than the hourly compensation paid in the Midwest. It is of little consolation to the unemployed workers of Turin or Lille that their own multi-national firms have obeyed the laws of comparative advantage by locating their new plant and investments overseas. Economists can justify the move by noting that it will achieve, as they put it, an 'equalization of international factor costs.' But it is of little benefit to the unemployed that goods will be theoretically cheaper if production and trade move from their inflation-ridden economies at home to the more conservative environments to be found abroad (where, if so happens, labor unions and collec-

tive bargaining are proscribed). Nor does it benefit their home governments when welfare and unemployment expenditures have to multiply as a result of the free trade flight of capital and jobs.

A balanced and collective effort at planning in the West would have to modify the free play of market forces. This would obviously implement a major heresy. Capital exchange controls would have to constrain the movement of corporate and Euro-dollar funds; multi-national firms would have to attend to economic needs at home before they set about the optimizing of profits in world markets, and the 'seven sister' giants in the oil industry would have to satisfy political as well as financial imperatives in conducting their business.

The outcome of this third model of growth strategy can be briefly stated. The systemic division of labor settling upon the Western world would have to be interrupted. At present, the weaker economies are being relegated to the less productive and the labor-intensive work of the world economy. As a result, the U.K. and Italy are growing considerably poorer than their more industrial rivals, within a decade they could be as poor as Spain or Greece, and their governments might be strikingly dependent upon the sub-contracts or the Euro-dollar loans tendered by multi-national firms and banking syndicates.

Worse still, the internal division of labor within each economy would have to be halted. Today there are bountiful rewards for the skilled workers in the corporate sector, and wage penalties plus job insecurity for those outside it. An effort would have to be made to balance the productivity benefits and the tax burdens of both sectors if social injustice, youthful unemployment, and other inequities were to be corrected. Since this would entail a fundamental change in the economic structure of each nation, and in the stand-off between their public and private sectors, it is utterly unlikely that such a strategy will be adopted.

Conclusion

The intellectual hypocrisy of the Western world, it has been suggested, is the worst threat that it must overcome. Experts and electorates, alike, call stridently today for radical action, and they condemn political leaders for failing to advance effective plans. Yet the only plans that might work are currently objectionable. They would lead to a widespread planning of scarce resources, energy supplies, industrial jobs and corporate investments, and they would deflect the free play of market forces. It can be argued, of course, that considerable intervention by dirigiste forces has already been accepted by

Western nations and that few of them adhere to traditional concepts of economic capitalism. Recent elections in Europe and North America have demonstrated, however, that electorates and opinion leaders can accept the realities of a 'mixed' economy only so long as the principles of collectivism (as in the planning or rational allocation of resources) are not invoked in public debate. Public sector planning is widely accepted, it seems, if no one advances a theoretical argument in its defense.

The hypocrisy is seen at its worst in the aversion to any discussion of the emerging division of labor. No national leader cares to raise the specter of a specialization of skills and rewards in the generation of wealth. On the international level, this suggests that once proud nations are no longer fit for capital-intensive and high value-added work. It also assumes that their time in the sun will end when the multi-national arbiters of investment decide that they should move their wealth abroad.

On the domestic level the prognosis is quite as forbidding. The division of labor between the favored workers in the export industries and the disfavored or the unemployed elsewhere has produced a great gap in living standards and income expectations. If they can afford to do so, public sector agencies must try to finance welfare subsidies and employment assistance to enlarge job opportunities; if they can not, they must concede a greater latitude to capital interests and to the needs of corporate profit. But in the latter case, civil strife and political disaffection will be intensified and the structure of the body politic undermined. It is to counter this danger that the private sector is ready to work, if only in a token manner, with the indicative planners in public agencies.

These are the realistic and the threatening issues with which most governments do not choose to contend. Elected as fragile party coalitions, and often by a minority of the electorate, Cabinet leaders enjoy neither the political strength nor the intellectual conviction to provide the leadership that is required. Unfortunately, the economic confusion and the political inconsistencies generated by Western governments are now reaching serious dimensions. Extensions of defense spending are often called for, not to cope with communist military threats, but to bolster high technology industries and aerospace exports. Tariffs and trade protection are implemented on a selective basis and without consideration for their international consequences, because special interests have succeeded in their strident pleading. Multi-national firms and banks have claimed to serve as good corporate citizens of a world economy, but their actions have helped deprive their own home-

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land of investment funds and productive jobs. The central banks have failed to harmonize their separate manipulations of the monetary supply or to reconcile their actions with those of corporate treasurers. Worst of all perhaps is the hypocritical denunciation of the OPEC cartel for following the zero-sum game that have long been urged at home by *laissez faire* enthusiasts.

The awesome fact remains that the Western world comprises a set of nation states that are economically weaker and technologically inferior to the world markets that supposedly unite them. The political institutions of the liberal state are less potent and expansive than those of the international economy. Moreover, the clientele or the constituencies of the two groups no longer overlap. It was once thought that a nation's work force would earn its just rewards through the global implementation of free trade, and that the laws of comparative advantage would distribute the cheapest benefits and the largest rewards to the most vigorous nations in the international market place. The era of free trade beliefs has clearly ended.

The assumptions of a free world market are no longer tenable. Nation states do not automatically profit from world trade, though they increasingly depend on it. They can not afford, it seems, to isolate themselves from global economic forces, but neither can they submit their political destiny to powerful market operations. If nations struggle to break loose from the grasp of international finance capital, through protectionist and 'beggar thy neighbor' tactics, they could weaken the basic superstructure of world trade. But if they fail to break away, their fortunes will decline. They can not control the international division of rewards, and they can not reverse the laws of comparative advantages.

Clearly, there is no simple or popular solution to resolve these dilemmas. Faced with unprecedented difficulties and economic complexities, it is not surprising that many governments have retreated into the escapism of political inertia or intellectual hypocrisy. Techniques of 'muddling through,' or of evading logical syllogism, are well known to societal elites. So, too, are the practices of bullying the weak while dividing the strong — though no nation openly admits to such perverse motives of behavior. The benefit of these short-term subterfuges or policy substitutes is that they spare the political and economic leadership from the burden of making difficult policy choices. Inertia is usually preferred as a stimulus to public policy rather than a radical reappraisal of societal goals; and inaction wins a greater approbation than the energetic pursuit of radical programs.

The defect of our temporizing preferences is evident: time is beginning to run out rather rapidly. The dominant position enjoyed by Western interests and values has survived, though not without internal change, across many generations. The nationalist divisions within the West, and the downward social mobility with regard to the rest of the international economy, are determined today by aggressive trade rivalries. The second and third worlds, lying roughly to the East and the South, will not quickly replace the dominant power to which the West is accustomed. Our lead in productive technology and political engineering is too great to be overtaken, though it could always be smashed in a global war. Hopefully, that possibility will never happen. But the pace of relative decline will not be easily halted or stabilized.

It can be safely concluded that some form of Western dominance in world trade will survive in the near and middle future. But that we will build the world we should have chosen, ideally, is not at all likely. Given the pessimistic analysis that has been attempted, a basic question must still be asked: Is there a sufficient skill, as well as determination, to design a unified strategy for a Western world that deserves to survive the turmoils of change in the international economy? Our long history of industrial achievement and democratic politics can not justify, alone, the ascendancy to which we believe we are entitled. Perhaps a more rigorous design for growth and for outward-looking concern might justify the continuing prosperity and security which we hold to be our historical right. But unless some action is taken in the near future to curb the nationalist divisions and the false expectations of the Western world, it appears that the course of decline and disunity can only accelerate.

DISCUSSION

Energy Policy and Trade Bloc Problems

Brent Scowcroft. There is a question on energy policy that must be raised in this review of Western economic difficulties. It concerns the future willingness of the OPEC countries to pump out as much oil as we are obviously going to need will they resist the temptation to decrease the volume and leave their oil in the ground as an insurance for later needs?

In particular, we are concerned with Saudi Arabia. Its export surplus is larger than that of any other OPEC member and its revenue needs are considerably smaller than its present cash earnings. Iran, Libya, Iraq and most of the other OPEC states are anxious to pump and sell as

much oil as they can, in the short run, in order to finance their domestic development, their military and their welfare programs. If the Saudis ever chose to cut back on their volume, to hoard their reserves for the next century, they could afford to do so but we could not. We need access to their vast reserves to satisfy our fast growing consumption schedules.

This gives rise to a related question: Will the producing and consuming nations succeed in recycling the massive cash flows in the oil market? The West's deficit of \$45 billion in oil expenditures can only be carried if we persuade the OPEC members to either lend their wealth or to invest their earnings in the trade and industrial expansion of their leading clients. We have tried to create a special credit facility in which the less affluent nations can borrow the funds necessary to finance their energy imports. But this credit fund is probably not large enough to do the job. If a serious monetary crisis is to be avoided in the next few years, we must improve the cash flow of both parties. While we try to stabilize the world's monetary supply and its floating exchange rates, we must also pay attention to the recycling of the billions of petro-dollars flowing in the international economy.

Martin J. Hillenbrand. Our concern with economic difficulties of the Western alliance has raised important but confusing issues of trade and monetary theory. It would be helpful if the Western nations could agree to a new set of rules, perhaps by extending the GATT rules against trade warfare, and if they could codify a new set of economic regulations. I agree that there are selfish, nationalist interests to be overcome before a thorough codification could begin. There are many injuries that would be inflicted if we fail to devise a new set of rules; and there are many benefits that could be gained by coordinating fiscal measures or harmonizing expansion programs.

The objective of designing a system change in world trade behavior is to suppress protectionist tactics, pre-emptive devaluations and unfair competition. But there is an additional problem that must be recalled. It is not only the Western nations that encounter grave difficulties in adjusting to the uncertain conditions in world trade. The dozen communist nations, grouped in uneasy alliances in the second world, are also troubled by the adjustments that must be made. Their economic resources and their pace of economic development vary widely. Some of them, particularly in Comecon, are vulnerable to oscillations in Western prices, to our inflationary surges and to our import cutbacks. It was previously supposed by the 'convergence' theorists that the capitalist and com-

Some form of Western dominance in world trade will survive... But that we will build the world we should have chosen, ideally, is not at all likely.

munist economies would come to resemble each other. This proved to be false. The collectivist politics and the economic programs of the Soviet and Chinese parties differ sharply from those obtaining in the West. But to the extent that they have become dependent upon our industrial assistance, our wheat sales, our investment credits and our import orders, they have come to share our need to stabilize world trade and to adjust to its compelling imperatives.

Walter Goldstein There is no doubt that the communist world shares our concern for the international harmonization of trade and monetary policy. In recent years, Communist propaganda has toned down its assaults upon the EEC, the IMF and GATT, and little satisfaction has been expressed over the oil difficulties experienced in the Western world. It has dawned upon the communist nations that their own industrial future is closely interwoven with our own. They have also noticed that Western banks are more eager to do business, often at the slimmest rate of profit, with our formal enemies in the East than with our informal friends in the Southern Hemisphere.

But I must disagree with Brent Scowcroft's evaluation of OPEC's revenue needs. Most of its members have raced ahead at an unwise pace to expand military build-up, industrial infrastructure, food imports and development expenditures. Three years ago we worried that their surplus cash flow of \$200 billion could ravage the stability of the Western economies. This threat has not materialized. With the exception of Saudi Arabia, which is cash rich, the OPEC regimes have mortgaged their future revenues to such a marked degree that they are eager to pump as much oil as they can.

It is true that our future demand curves will eventually outstrip the supply estimates that have been projected for the 1990s. It is also true that substitute sources of energy (such as shale oil and nuclear power) and substitute locations (such as Alaska, the North Sea and the U.S. continental shelf) will not restore the imbalance between supply and demand. Nevertheless, it is a risky strategy for OPEC to leave oil reserves in the ground as an insurance for future earnings. Most of them need to maximize their earnings now to head off domestic strife or to establish their regional hegemony. Few of them are prepared to sit on their oil for another ten years in the hope that prices will double. The strategy of delay appears to be too risky to their national governments.

The Pauperizing of the Third World

Charles Foster The internal and the interecine weaknesses of the Third World require further

emphasis. The one hundred LDCs meeting in UNCTAD and the U.N. are greatly divided in expressing their interests. They can not agree on a common strategy to maintain commodity prices, to control multi-national investments or to promote their manufactured exports. Many of them are weak in managing their own economies or their domestic political arrangements. They accepted the limited assistance extended by the EEC under the Yaounde and the Lome agreements because of their desperate needs. In fact, the EEC exploited their weakness by imposing upon them a new division of labour, as a result the LDCs were forced to specialize at the low end of the economic scale in producing primary products and goods with little added value, while forsaking the export opportunities that were discouraged by the EEC's tariff policies.

Walter Stahl In the light of this weakness, we might ask whether a new Marshall Plan could be designed to stimulate their low level of development? Surely, it would not escape Western ingenuity to help raise their miserable living standards, to create jobs for their millions of unemployed, and to provide them with the purchasing power needed to buy the Western products that they so urgently require?

Sir Frank Roberts Unfortunately, more than Western ingenuity will be required. A group of experts in OECD recently discussed the concept of a new Marshall Plan, but the findings were strongly negative. Not only are the LDCs divided among themselves and inefficient in managing their own resources, but they cannot match the favorable conditions that obtained in Europe in the 1940s when the ERP and the Marshall Plan first began. Starting in the darkest days of the Cold War, the Marshall Plan was not associated with the self-serving interests of the United States as a donor power; and for their part, the recipient nations were ready and willing to utilize this massive flow of assistance. The LDCs today do not enjoy the skilled labor, the political infrastructure or the economic sophistication that prevailed in a war-torn Europe. Beset by political upheavals and bureaucratic bottlenecks, many of them could not adjust to the inflow of assistance and the trading opportunities that the West could offer.

A clarification must be entered on another issue raised in this discussion, namely the role of the multi-national corporation (the MNC). It may be true that the MNCs often bring the wrong type of investment to the LDCs, as in their promotion of capital-intensive industries that stimulate labor-saving manufacturing in societies teeming with surplus populations. But the MNCs do bring considerable benefits to the host states that they enter. They import management

packages comprising new marketing skills, production technologies that are appropriate to local skills, or investment partnerships that are forged with local capital and management interests. This is not exploitation in the classic sense but a mode of cooperative development which greatly benefits the host economy. Indeed, in some cases these affiliate or joint-venture operations in the LDCs have succeeded in mounting a strong competition to Western exports. Among many known instances I would only cite the success of Indian firms in undercutting the prices of U.S. and EEC exports in the burgeoning markets of the Arabian Gulf.

Walter Goldstein I must dissent from the gathering optimism about the LDCs on several grounds. First, the gap between the rich and the poor nations is not growing narrower but wider; their export earnings have not risen at the same rate as the inflated prices that they must pay for manufactured imports. Second, per capita income has not increased to the extent that we enjoy in the West, our wealth ranges from \$2500 to \$8000 a head but theirs barely reaches \$500. Half a billion people subsist close to starvation, and in most places, according to U.N. data, they will not move from malnutrition to economic take-off in this century.

It is true that many of the LDCs lack the skill to manage their own economies. Unfortunately, this has not prevented Western nations from exploiting their weakness.

We have built manufacturing facilities in many of the cheapest wage economies to suit our needs but not theirs. The idle plant in Puerto Rico can serve as a warning of the future for Taiwan or Singapore in this regard; when local wage rates rose slightly, multi-national firms began to move from the island to cheaper locations, leaving the host state with an unbalanced and still undeveloped economy and with no alternative sources of employment. The pattern will continue as MNC textile or electronics plants are driven out by inflationary pressures from Europe and Japan, and even from South Korea or Hong Kong. They might temporarily settle in Indonesia, Bangladesh, or some other paupers' paradise; but we cannot view such self-serving activity as a stimulus to development.

Instead of providing a vigorous aid program or a new Marshall Plan, the West has reduced most of its public assistance payments to the LDCs to a mere pittance; in the United States, for example, it has declined to 0.3% of GNP. Worse yet, in many cases this public aid has been used by the LDCs largely to finance the debt servicing on loans that had been extended to them in previous years. At the recent CIEC,

or North-South meetings, several of the LDCs pressed for a temporary moratorium on their debts, but the creditor nations adamantly refused. If a moratorium were ever granted, they argued, the \$180 billion of outstanding loans by EEC and Wall Street banks to the Third World would create sizeable losses in the banks' revenue statements, and it would deter them from ever again plating loans with the LDCs. The IMF has already instructed Peru and Turkey to slash domestic expenditures to meet current interest payments, and both governments will fail if they can no longer borrow in Western markets.

There is no cause to applaud the specialization of work and the division of labor that have been imposed between the economies of the world. It is true that the MNCs and Western banking consortia are not the sole means of promoting forceful divisions between the rich and the poor. But it is difficult to identify any decision agent that is more powerful or ubiquitous than the MNC. Occasionally, a host state can force a group of MNCs into surrendering some of their mobility and autonomy, but it must be ready to face the risk that other MNCs will take their business to a competing state nearby. There is no LDC that can force a company or a bank to enter its economy, in the first place, or to extend its investment at a later stage. This means that in the overall contest between mobile firms and territorial nation-states, one enjoys the options to redeploy its forces and the other does not. It is this asymmetry in power that leads to a skewed, if not exploitative, mode of long term development.

Revitalizing World Trade and the Third World

James Huntley. There are two separate points to be raised at this stage of the discussion. The first concerns the need to revive investor confidence at a time when (a) world trade patterns are dangerously erratic, and (b) when changing technology impacts heavily upon the course of industrial growth. We know that the employment of the Western work force has considerably shifted as ever fewer people are required to manufacture ever more goods. If the predicted return on capital investment is constantly altered by these secular trends, then efforts must be made to stimulate the risk capital and the entrepreneurial ventures that stem from the private sector. We cannot expect that government funds will substitute for private capital in adjusting to structural changes in the conduct of world trade. The least that governments can do is liberalize the business environment and not discourage the investors who are ready and able to finance new modes of development.

My second point confirms the belief in a new, federalist principle of organization that was eloquently expressed by Miller Upton of the Federal Union. We have talked about the need for a Western or an Atlantic union; and the Trilateral Commission has produced impressive documentation along these lines. We must not ignore the economic integration and the political reorganization that has been urged by the federalist movement. Their plans might resolve many of the industrial difficulties and the nationalist rivalries that planners and pessimists perceive as the motive forces escalating trade warfare.

Sir Geoffrey de Freitas. I am sympathetic to your two suggestions, but I am not sure that they will resolve the system dilemmas in which we appear to be trapped.

Let me speak briefly from my own experience. As a Member of Parliament, I represent a constituency that relies heavily upon two industries now facing grave difficulties: steel and footwear. Both are vital to the local and to the national economy, but both have failed to adjust to the division of labor that has emerged in the international economy. In the cruellest sense, both are verging upon obsolescence. When I meet my constituents I remind them of the historic role that Britain has played in maintaining the principles of free trade and in urging the cause of foreign aid for the developing world. But while employment prospects are deteriorating at home, it becomes increasingly difficult to answer their urgent pleas for action by reminding them of the theoretical values that are attributed to a free, outward-looking strategy in world trade.

Stephan G. Thomas. I must add a note along these lines from the German experience. We enjoy a much higher standard of living and of productivity in the Federal Republic than does the GDR. But we now find a serious degree of unemployment, especially among our youth, and questions have been raised regarding the viability of our market economy. If the employment crisis is no longer temporary or cyclical in nature, it is asked, what structural changes should be made to program a long term process of adjustment? This is a question that political leaders prefer not to answer and over which professional economists angrily disagree. We know that some form of national sacrifice and of rudimentary change must be adopted if we are to resolve the international economic dilemmas that surround us. Yet there is a powerful movement to avoid discussion and to defer the planning of decisive action, at least until the next crisis erupts.

Walter Goldstein. I cannot share the beliefs of

the federalist movement. The economies of the West cannot be revitalized within the confines of an Atlantic or a Trilateral world. Western governments are too bitterly divided to coordinate the allocation of energy resources, fiscal sacrifices, employment opportunities or trading practices between the rich and the poor. A federalist union cannot deflect the spreading international division of labor, nor can it systematically restore the confidence of private venture capital.

Second, the policy achievements of the EEC are not impressive, yet it remains the most powerful exercise in federalist planning that has been tried. The EEC has done nothing to create a single structure for European industry or to devise a supra-national energy program. Though the EEC members need to integrate their aerospace, nuclear or computer industries, the EEC has only been able to offer help to their farmers, and even that help is suspect. The EEC has not tried to regulate the dangerously volatile funds in the Euro-dollar market, nor has it tried to pressure the giant banking consortia, many of which command assets of \$100 billion apiece, to coordinate their investment planning through any Community authority. The failures of the EEC, the IMF, or OECD do not lend credence to the idealist beliefs of the federalist movement.

I sympathize with the criticisms expressed by the British work force as it reconsiders its commitments to free trade and foreign aid. It has reason to ask, whether the importing of cheap or luxury goods, such as Taiwanese textiles or Japanese television and cars, is beneficial to the national economy. The 'international equalization of factor costs' may be sound in theory but it brings personal hardship and enlarged welfare costs to the home economy. The inability of political leaders to discuss the deteriorating position of the Western economies is regrettable, their evasion, and political hypocrisy provide them with a short-run but valuable subterfuge that conceals the decline in the dominance of the West.

Arthur M. Cyr. I agree with your basic diagnosis, but I must strongly dissent from your conclusions. For the sake of brevity I will limit my disagreements only to the problems seen in the developing world.

First, we can not conclude that the West has given either too little assistance or the most inappropriate investments to the LDCs. Their development planning is more varied, complex and bureaucratic than our own. Yet many of them have achieved a faster rate of growth than Japan, the U.S. or Germany. Equipped with Western aid, many of them were able to withstand the global recession in the mid-1970s,

this helped the Western economies, incidentally, to revive from the worst depression in thirty years. If LDCs' trade curves had sloped downwards along with ours, we would have repeated the negative-sum game of the 1930s. Naturally, we tend to deplore the producer cartels that some of them have formed, but we must also admit that the cartels gained them appreciable earnings and a heightened morale in the third world, and they even boosted our own export trade. Ironically, the Western nations might not have covered their fuel import charges if they had not stepped up their export commerce to the faster growing of the LDCs.

Second, I find that the rapid growth recorded in some of the LDCs has begun, in fact, the redistribution of wealth for which we have called. Powerful growth curves have been achieved by some of the poorest of the LDCs in Southeast Asia or in Latin America, and their 'demonstration effect,' as economists put it, has greatly heartened the struggles of their neighbors. This contribution to the creation of a new world order, even if it was not carefully planned, cannot be minimized.

Karl Mommer These corrections to the record are valuable. I agree that many of the failing LDCs will try to imitate the few that succeeded, even if it takes them twenty years to do so. But it is the hope for success that is significant. It has relieved them of the burden of lasting despair. Many of the LDCs have come to recognize that the West cannot bail them out with a new Marshall Plan or with limitless aid. Yet they do not resort to the violent solutions recommended by radical theorists nor are they swayed by the assaults of communist propaganda. In some ways their situation is comparable to our own. They are anxious about the persistence of high levels of unemployment, but they are also aware of the prospects that an annual growth rate of 4 to 6% can offer in future years. If that vision were denied to them, there would be nothing to anticipate but bleak despair.

Planning for Economic Growth

Inga Haag We have talked about the confusions of economic planners and the evasion of political leaders. I am struck by an evasion of our own. In looking at the mounting consequences of the division of labor we have failed to note that most investment today flows into industrial projects that increase capital productivity by decreasing the intensity of labor. Yet at the same time we complain about high unemployment figures and a lack of investor confidence. Sir Geoffrey de Freitas has expressed his concern that some of our basic industries are becoming obsolete, and Stephen

Thomas has spoken of the national sacrifices and the structural reforms that will have to be envisaged. But here we are, discussing the viability of world trade and Western affluence, as if the divisions in the international economy and the specialization of labor were transitory phenomena. In fact, our debate personifies some of the evasive trends that have to be exposed.

Philippe Deshormes There is a grave problem with the diagnosis that worries me. It is too Euclidean. There are too many straight lines of projection in Walter Goldstein's analysis and not enough curves. This suggests an excessive rigidity in prediction and too small a margin for uncertainty. A quick example comes to mind. If a doctrinaire communist party were to come to power in France or Italy, the Western alliance would be forced to take preemptive action. It is not likely that stringent action will be taken unless such a dramatic crisis occurs; but we must leave room for the possibility that a sudden upset will occur. It is the margin for error and uncertainty that must therefore be considered within our projections of future system changes.

Brent Scowcroft To the list of uncertain outcomes and possibly unforeseen solutions I would add one more. The last three meetings of summit leaders, when the heads of government gathered together, were not dramatically successful, but they did establish a new pattern for mutual discussion and understanding. The leaders agreed to basic guidelines for helping the weaker of the Western nations with credit facilities and stable exchange rates. They did not take up the more challenging issues, such as the regulating of MNCs or transfer pricing, over which the OECD or EEC have stumbled. But they did set in motion a crisis mechanism or a management consultation process to smooth away some of the grave difficulties in our economic relationships. We can not anticipate in the years ahead whether summit diplomacy will continue to be utilized, but it has already proved to be a valuable device for enhancing understanding and cooperation among the industrial democracies.

Robert Rothschild It is tempting to dismiss the practical and the piecemeal answers to our problems, invaluable though they are, in order to retreat to a *priori* principles. We must obviously resist the resort to false theory.

It is futile to posit that the world's problems should be resolved in a global agency, and that economic planning should be handled by a world government, since neither scheme will be realistic. The least that we can do is to demolish the myth that partial measures and limited solutions are invariably bogus. We must not be

afraid to explore pragmatic tactics or the various half-steps that should be adopted. This will need considerably more courage than the intellectual leadership in the West is prepared to acknowledge. It seems to me that our leaders too often cling to a sense of fatalism, because it comfortably relieves them of the necessity to act.

A second adjustment in our intellectual expectations must be made when we pursue our analysis of the developing world. We tend to forget that as part of the Western heritage we have enjoyed centuries of scientific discovery, rationalist thought and liberal government. The LDCs have known no Locke, or Descartes or Einstein. Within one generation they have moved from the primitive subjugation of colonialism to the heady responsibilities of monetary management and sophisticated development. We cannot expect them to emulate our procedures of government, our techniques of industrializing or our civic philosophy. If they are to find their own path to modernization and industrial efficiency, the least that the West can do is to understand their blunders and to assist their experiments. Unhappily, such an attitude requires greater sympathy and cooperation than most Western governments are ready to extend. It is the myopic attitudes of the West, as I previously suggested, that reflect our ingrained resistance to change. It is this failure of perception that might lead to unforeseen disasters or time-wasting inertia.

Sir Frank Roberts Stepping aside from the chairman's seat for a moment, there are several corrections that I want to insert in the record.

First, the exercise of writing guidelines to regulate the investment and behavior of the MNCs has been too sceptically dismissed. It is true that the documents produced by the International Chamber of Commerce and OECD stressed that, in the absence of effective sanctions, compliance could only be secured on a voluntary basis. When we came to write these guidelines, however, it was the MNCs that tried to encourage us. It was the member governments that resisted our definitions proscribing transfer prices or tax evasion schemes. The same pattern appeared in the EEC, the MNCs were eager to cooperate, but governments were unwilling to compose their differences or to harmonize their regulatory standards.

A second correction concerns the plight of the LDCs. It has been mentioned that some have moved on to a fast track of economic take-off, but it was not noted that these countries were generally governed by people who specifically welcomed foreign investment. Kenya demonstrates the point, it is developing at a faster rate than Tanzania, though it was far

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he rapid growth recorded in some of the LDCs has begun the redistribution of wealth for which we have called.

less wealthy, because of its receptivity to Western assistance and capital. Within the local managements of my own firm, Unilever, we have seen a similar development in Ghana and Sri Lanka. Their local people learned how to attend sensitively to national interests while working within the growth opportunities offered by a global MNC.

Third, a correction must be entered regarding the capital funds that MNC parent firms and banks have chosen to invest abroad rather than at home. Critics have often made the point that the UK enlarged its invisible export earnings and its balance of payments by deploying a large portion of its capital overseas. It is then argued that the deployment depleted the funds necessary to modernize our domestic plant and infrastructures. There is considerable room for doubt in this argument. It appears that there is no shortage of investment capital in the UK at the present time; indeed, many plants are presently operating below capacity. But there is a relevant factor that cannot be ignored. In the private sector today, capital is largely controlled by pension funds, insurance companies and other institutional investors. It is not logical, or even legal, for them to place their funds in high risk ventures either overseas or at home. They are not philanthropic entities; their business decisions must be directed to the protection of their clients rather than to the satisfaction of their directors' moral conscience.

Conclusion

Walter Goldstein. There can be no pretence to Euclidean logic in this analysis of the world trade system. The syllogisms of interdependence are not only subject to strong disagreement in empirical detail but in logical analysis, too.

First, we have disagreed about the pauperization of the Third World. Arthur Cyr and Sir Frank Roberts are impressed by the growth achievements recorded in several of the LDCs, but I remain dubious. The few LDCs that are rich in resources, such as the OPEC or uranium cartel nations, are in good shape but the rest have pursued the wrong strategy. Their mistakes can be grouped into five categories.

1. In Africa and Latin America, the LDCs have walled themselves up in their own *Dependencia* syndrome. By relying on one cash crop or one cheap export they have distorted the overall balance in their development thrust; this has also made them terribly vulnerable to changes in world commodity prices or to inflationary movements in the rich capitals.

2. The investment of foreign capital, export

earnings and local equity in cheap manufactures or in exportable commodities has done little to alleviate the misery endured by countless millions. The investments did not help to improve grass roots agriculture, to secure the villages' food supply, or to create work for hordes of the urban unemployed. The show-case developments in Puerto Rico, Hong Kong or Singapore should in fact be condemned, when technological change forces a new movement of their labor-intensive work either to cheaper wage or to more automated work sites, their economic dislocations will surely produce widespread hardship.

3. The boom and bust cycles of commodity prices have not been softened by the spreading of wealth in the LDCs. On the contrary, they have suffered hideously — with the exception of the OPEC nations — in the recent recession; and their current growth rates remain pitifully inadequate to meet their urgent needs. The development 'spill over' in Taiwan or Seoul has been limited for some years to juveniles who were recruited into the work force at 10 cents an hour. When their assembly lines phase down after five years of operation, the MNCs can take their technology to new opportunities elsewhere, but the local workers must subsist on food stamps or welfare payments.

4. The political tensions generated by the MNCs and other agents of world trade can not be ignored. The cost of bringing wealth to Rio requires brutal police control in the rest of Brazil; Argentina has similarly ventured into consumer affluence for the few and a civic repression of the majority. Added to this is the political dislocation in the rich countries. Their work force cannot easily adjust to the mobile deployment of capital, production jobs and industrial technology. Nor do they gain when the laws of profit obtain in the world markets, and the cause of national planning is set back at home.

5. It is impossible for the developing world to break out of the permanent poverty and the increasing burden of population by imitating Western methods or relying on Western assistance. Neither are fitting or secure. The LDCs contain nearly two billion people, 20% of them close to starvation, nearly 80% illiterate and 60% without hope of finding remunerative work in their lifetime. If we thought more about their basic human needs and less about the cheap textiles or the manufacturing components that they should make for us, the better would be their economic prospects — and, ironically, ours as well.

Turning from the LDCs to the relatively prosperous world of the OECD, we find a growing

division of labor in our own societies. It is urged that public sector funding and planning should be utilized only to stimulate but not to replace the roles of entrepreneurial and risk-taking capital. But at the present time, as the flight of manufacturing and low added-value jobs leave our industrial centers increasingly distressed, we have not yet learned how public money can best subsidize private employers. We have resigned ourselves to the fact that there are 7.5 million people apparently without work in the United States, even with a \$2,000 billion (two trillion) GNP. We will find grave difficulty in creating an added 12 million jobs by 1981 — just to maintain a 6% unemployment level.

Fears about 'creeping socialism' and about 'coddling the poor' with socialized medicine or minimum hourly wages do not help. If we can do nothing with public (or private) funds to help the reserve army of the unemployed, or their desperate counterparts overseas, it might be better if we admitted this stark truth.

However, there are instrumental and piecemeal components of a system change that can be seriously deployed while we experiment with longer term plans. For example, the service sectors of the Western economies account for one-half to two-thirds of total employment, much of it is found in the information processing performed by centralized bureaucracies in the public and the private sector. The labor productivity and the on-site training in these sectors has been remarkably poor. Now that the micro-processing of data, automatized controls and distributive computing, at last taking hold of clerical work, it will be feasible to decentralize the operations of government, the delivery of social and educational services, and the promotion of new job skills in our dying cities. These are small steps. But they could eventually change employment practices, the training of unskilled labor or the overall productivity of the work force.

A new issue crops up here. There is an ever growing trend in Western society to rely on technocratic elites to manage information systems and to determine public policy. Whether the elites direct government bureaus, MNC conglomerates, banks, bureaucratized labor unions or private hospital units, they generally resist the attempts of clients, voters or public interest groups to participate in policy deliberations. Admittedly, recent experiments in *mitbestimmung*, regional advisory councils, affirmative action and citizen participation groups have tended to yield little success. Yet it is obvious that something must soon be done to open the channels of power and the inner sancta of bureaucratic labyrinths to public pressure. Public docility or deference to executive hierarchies can never be

welcomed. They lead to poor policy choices, voter apathy and capricious choices by entrenched elites. That is surely the lesson to be learned from the technocracy associated in the Watergate scandals.

It is obvious that political pluralism must be enlarged if half-steps and interim measures are to move us toward a system change. There will be no grand design or Marshall Plan so long as we rely on group bargaining contests and the

maneuverings of political parties to devise new formulae or far-sighted programs. Traditional compromises and institutional weaknesses can help resist change, but they will not advance the public debate of issues that transcend narrow party interests, fearful class beliefs and angry chauvinist passions. It will be dishonest to call for a searching examination of Western goals if we cling to outworn political beliefs and practices. The quality of our political flexibility

and intelligence will determine the choices that we select. Unfortunately, in a world of distrustful nations and aggravated trade wars, there is not much time left to test new visions or to choose which is the future in which we plan to survive. Once we have determined whether elitist or populist rules should define the debate, however, we will at least know which is the West that might deserve to survive.

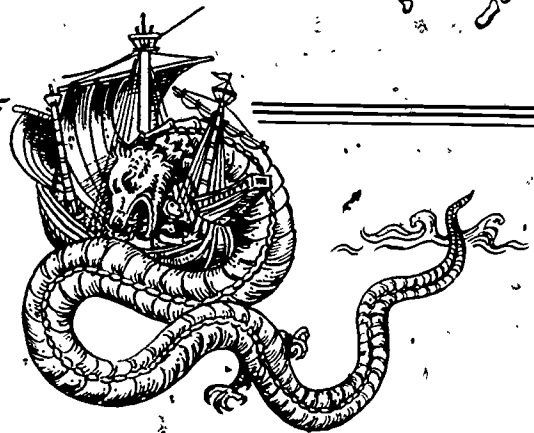
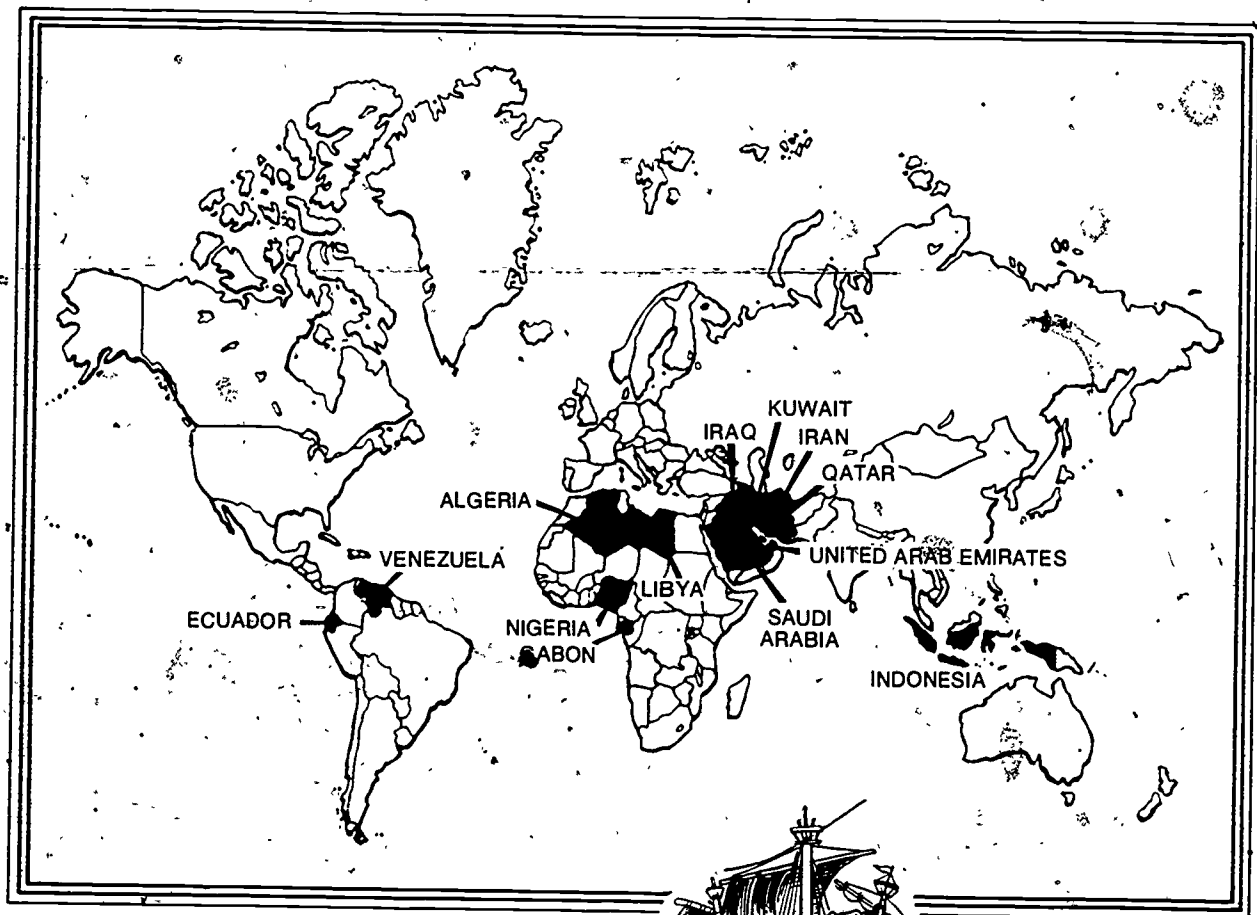


Participants from both sides of the Atlantic exchanged ideas in plenary and informal sessions at Wingspread.





Organization of Petroleum Exporting Countries (OPEC)



NATO AND THE NEWS MEDIA

Henry Brandon

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here are two questions that I want to examine. First, how does the press regard NATO's current efforts to meet the challenge posed by the build-up of the Warsaw Pact forces, and second, how can the press and other media improve the general public's information and concern about the defense of the West? I would also like to look at the argument over the policy initiatives that the West has adopted with regard to the cause of human rights and the dissidents' movement that has emerged in the Soviet Union.

It is extremely difficult to find good answers to these questions. First, there is a considerable confusion about the force strengths and the strategic capabilities held by NATO and the Warsaw Pact. Second, there are just too many different, contradictory interpretations of the facts. The press corps can try to amass its own information, it can question the experts and gauge their previous reputation, or their motives. But we must still recognize that each of the experts responds to his own prejudices, to his own outlook on the world, to his particular location, his inner security and his personal interpretation of the historical origins of NATO's behavior. Obviously, the press must determine which of the experts and which of the data presentations should best be followed before policy conclusions can be reached.

Let me start with a simple illustration of the difficulties we face in working with unreliable or conflicting facts. Two reports recently appeared in the *New York Times* on the same day and on consecutive pages. One was headlined "Congressional study discounts usefulness of Soviet civil defense" and it was written by one of the leading Washington correspondents; on the next page was the headline, "Gain for Soviets seen in Civil Defense," and a column from their Brussels correspondent reporting that the Soviets had gained "a bargaining edge in the next round of talks on weapons limitations." It appeared that the members of the Joint Congressional Committee on Defense Production, who had published the first study, had found the NATO report to be biased or exaggerated. In the second story, the NATO experts, who were defined as "some American and West European military leaders," presumably felt that the Congressional study had reached conclusions that were based upon misleading data assessments — even though many of them were supposedly provided by the C.I.A. This left the media with a

grave difficulty in gauging the Russians' civil defense program, since the U.S. experts in Washington and the NATO staff in Brussels apparently disagreed over the war fighting posture that the Soviets were — or were not — intent on creating.

The confusion on the Soviet side is no less worrisome. In 1977 a press group went with Secretary of State Vance to Moscow for the SALT negotiations. One day an official of the Soviet Foreign Office asked whether there was anything he could do for me, and when I said "yes," he was obviously taken aback that I took a courtesy question seriously. I asked him whether I could see one of the civil defense air raid shelters we have read so much about lately. He was greatly disconcerted. He brusquely replied that it was impossible. For the fun of it I tried to argue with the Soviet Foreign Office to arrange such a visit for me on the grounds that Soviet publications had written extensively about civil defense and shelters, and the subject could not be secret. But it was to no avail. Later I had a chance to talk to General Milsteyn, one of the missile experts at the Soviet-American Institute, and a former commander of ICBM missile batteries. In the course of our conversation I asked again whether I could see one of the shelters that gave some of the American experts such jitters. After all, I argued, it must be in the interest of the Soviet Union to disprove such misleading information in order to reassure the West. The general said that he could not arrange anything for me. It was not his business, and it had to be done through the Soviet Foreign Office. I told him about the brush-off they had already given me, and then I played what I thought was my last card. I told him that on a recent visit the Chinese had shown me more shelters than I wanted to see. This made him smile, but his only reply was that he personally would like to show me these shelters, but he could not do so. The reason, he seemed to suggest, was that the Soviet Government might be ashamed of the primitiveness of the shelter program. That finished my efforts to gain clarification from Soviet sources.

Confusions about facts, let alone about official policy, obscure every aspect of the East-West power balance. Earlier in 1977 there was a wide discrepancy between those who believed that the Soviets were pursuing a policy aimed at winning a limited nuclear war and those who doubted it. They came into the open with the leaks about the A and B team exercises that had been inspired by the then director of the C.I.A., George Bush. He wanted to protect the C.I.A. against the accusation that its estimates of Soviet strength had a built-in set of prejudices to confirm their own earlier forecasts.

The B team, led by Richard Pipes, a former director of the Russian Research Center at Harvard, took a pessimistic view and concluded that Soviet policy is aiming at military superiority and at a war-fighting capability. The A team said that the Russian aim is to achieve and preserve equality.

Almost at the same time a crescendo of warnings emerged regarding the rapid growth in Soviet strategic and conventional force strength. It came from a variety of quarters, including NATO. It assumed such a velocity that virtually the first task that Harold Brown had to perform, on becoming Secretary of Defense, was to emphasize the virtues of sufficiency and to reassure us about rough equivalence. "The balance can be maintained in the future without excessive effort on our part," he said, "providing that we select and modernize our forces adequately."

Balance or Superiority?

There is no dispute about the Soviet build-up of the Warsaw Pact forces, their growing numbers of heavy intercontinental missiles and the expansion of the Soviet Navy. The dispute tends to focus today on the size of the build-up and its objectives. Are the Russians aiming at creating a balance or superiority?

One expert, in an influential position in the U.S. government, told me that the build-up was exaggerated and that it must be viewed in historic perspective. He was convinced that it had assumed such proportions in Western eyes, because we too often forget that the Russians had held on to their World War II equipment much longer than the U.S. Moreover, the Korean War had taken such a heavy toll of equipment that our replacement programs had to begin long before the Soviets' program could move into high gear. He showed me statistics comparing the Soviets' military build-up with their economic growth to prove that it was neither excessive nor suddenly accelerated. Of course, this is not an interpretation that the B team would accept.

Since the A team and B team exercise was undertaken under the Ford administration, the Carter administration commissioned its own analysis of the East-West balance under the guidance of Professor Samuel Huntington (also from Harvard). It created more confusion than light, and it essentially left American policy where it had been for some years past.

Beyond the differing interpretations of Russian intentions there are also great discrepancies in the published figures regarding their current capabilities. The range of difference in these hard data inventories is highly confusing. For a start, we are told that the Soviets have at-

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the young are concerned that the NATO commitment could involve the United States in a war over whose origin they may have very little or no control.

tained a lead over the U.S. Navy in numbers of major surface warships (221 to 174), in submarines (315 to America's 115), and in the number of Warsaw Pact army divisions (of which 32 are actually positioned in Eastern Europe). We are also told that the Russian air strength is over 12,000 aircraft, with about three-quarters poised in the European theater, plus 15,000 tanks. It is claimed that the Soviets have deployed 1,618 missile launchers, as against the 1,054 of the U.S., and that in delivery vehicles they surpassed the U.S. (in 1974) by 3,600 to 2,100. It is also claimed that they are increasing their heavy missile strength with SS-16, SS-17, SS-18 and SS-19 deployments.

Turning to the naval balance, we know that the power of American surface warships is far superior to that of the Russians. The U.S. Navy has 14 big attack carriers, the Russians have one small one. The Russians have a greater number of strategic nuclear submarines (62 to 41 for the U.S.), but the Americans are more efficient, quieter and hence harder to detect. Though the Russians have a numerical advantage in missile launchers, the U.S. outnumbered them in warheads by 8,500 to 3,500. In Europe there are twice as many tactical nuclear weapons under the control of NATO than are under the control of the Warsaw Pact powers. The U.S. Army and Marines enjoy nearly a four to one edge in helicopters, and NATO has an array of anti-tank weapons, guided missiles and 'smart bombs' that may well neutralize the Russian superiority in tanks.

What we are not usually told is that among the Warsaw Pact divisions in East Germany, Poland and Czechoslovakia, only 27 are Soviet, and that the others are less well equipped and most probably less well motivated than their Russian comrades. On this issue it was pointed out by Henry Stanhope, *The Times'* renowned defense correspondent, that the British have gauged the Soviet increase in tanks at 31% and their artillery enlargement at 25%; but General Haig refers to an increase of 50% in tanks and between 50 and 100% in artillery. Stanhope concludes that in any attack on the Central front the Russians would have to do battle with 725,000 men in the NATO armies as against 925,000 in their own. That is not an unreasonable ratio, even admitting that the Warsaw Pact nations have considerably more tanks.

But a basic fact is ignored in these calculations. The Russians have to protect themselves along a 5,000 kilometer frontier against the Chinese while still maintaining strong forces on their Western front. Moreover, they have more targets to cover with their missiles than the U.S. must target in the USSR; in addition, the Russians not only maintain a strong respect

for American military power, but they also hold its economic power and its advanced technology in the highest regard. A further factor cannot be overlooked. Given the conditions in Eastern Europe today, the Soviet army cannot feel very secure. It may be able in peace time to intimidate the local population in Poland and Czechoslovakia, but in wartime this may be more difficult, the possibility of serious sabotage can never be excluded from Soviet calculations.

Let me cite another striking example of contradictory interpretation that occurred this year. In a statement that Dr. Luns, the Secretary-General of NATO, delivered to the ministerial meeting of the alliance in London, it was suggested that disarray and disunity would gravely threaten NATO's solidarity. Among other sources of friction, the Greek-Turkish conflict was a "festering sore", and the economic recession gripping the Western world might soon lead to a cutback in defense budgets. In contrast, President Carter addressed the NATO Council the next day. He praised NATO and found that "its strategy and doctrine were solid." He gave a confident and optimistic estimate of NATO's strength and hinted at no dire prediction of dissolution in the alliance.

These contradictions are troublesome, maybe inevitable. I wish something positive could be done to alleviate them, but I do not expect that anything will actually be done. It would help, for a start, if the NATO estimates enjoyed greater authority than they now command. They should really enjoy a better reputation than those originating in Washington, since they represent a consensus derived from many nations. The inability of NATO to repair this serious weakness is a matter of concern to the working press.

Obviously, nothing is more important to the mass media than accurate data and reliable projections. Yet we find that the strategic analysts themselves arrive at their conclusions intuitively — and then they feed the figures into their computers to suit their arguments. We do not know how far, in fact, they influence government policy with their subjective analyses. Occasionally, they have exerted considerable authority. There was the case of N.S.C. paper No. 68, a Planning Staff memorandum, authored by Paul Nitze in 1952, it helped launch a re-appraisal and build-up of the entire armament program. Nowadays policies are more difficult to change and budgetary limitations cannot be disregarded. I therefore doubt whether the Huntington study will have a serious influence on policy decisions.

Yet the media must still determine how best to judge the strength and weaknesses in the East-West balance. It is in this regard that we

must pay close attention to the attitude of President Carter toward NATO, and to the Russians' likely response. The President creates the impression of a man who knows what power is about and who sees the crucial contribution that NATO makes to the security of the West. His determined support for NATO will surely enhance its strength in the eyes of the Kremlin. Another psychological point is important. There is no longer a demand among the American public, or in the Congress, to reduce or withdraw a major part of the American forces garrisoned in Europe. The principal advocate in previous years, Senator Mike Mansfield, has now left Capitol Hill, and no one feels quite as strongly about withdrawing American troops from Europe. Nor is the issue one that is likely to win many votes. There is a danger that the patience of Congress will be strained if the stalemate at the MBFR discussions in Vienna continues in future years. But even this could be alleviated if NATO and American diplomats could agree to a set of realistic estimates of Soviet strength and behavior. They might then design a diplomacy that specifically aimed at reducing tension.

Psychological and Security Assessments

My chief concern today lies with the ability of NATO to advance its own cause with the mass media. As a first step, NATO must convey to public opinion the confidence that it can reasonably fulfill its function of deterring Soviet aggression. Deterrence has apparently worked in the past, and there is no need to believe that it will fail in the future, not even in the aftermath of a military build-up in Eastern Europe. The credibility of the NATO deterrent is still strong, but it could be weakened if false political inferences were to be widely broadcast. In this regard I would like to quote from an article that appeared in October 1969 in *Foreign Affairs*. It was written by a tough-minded critic, McGeorge Bundy, who had previously served in the Kennedy years as the President's adviser on national security. He wrote:

"The neglected truth about the present strategic arms race between the United States and the Soviet Union is that in terms of international political behavior that race has now become almost completely irrelevant. The new weapons which are being developed by each of the two great powers will provide neither protection nor opportunity in any serious political sense."

Under these circumstances the psychological power of the deterrent that is perceived by the Russians and by the rest of the world, it seems to me, is really more important than the com-

parative figures of military strength that are bandied about. There appears to be a sufficiently safe and stable balance. It is true that Western military superiority and 'rough equivalence' had once prevailed and that we are now entering a period of greater uncertainty and risk. But we must also remember the sober warning issued by the Secretary of Defense, Harold Brown, after the controversy over the extent of the Russian build-up had hit the headlines: "The worst-case estimates of Soviet power do not do a service to American strength throughout the world."

The current argument over the dangers of the Russian build-up is dangerous as we cannot yet judge whether it is aimed at 'rough equivalence' or 'superiority'. We must also recall the fact that NATO cannot afford to delude itself about the degree to which the allies are capable of financing and further reinforcing their conventional forces. The state of their economies and the attitude of public opinion are not promising. A cautionary note was recently sounded by Brigadier Kenneth Hunt, the deputy director of the International Institute for Strategic Studies, when he reminded us that "the ability of conventional forces to raise the risk of nuclear war is not too sensitive to numbers." It may be true that to some extent the development of strategic parity between the U.S. and the Soviet Union has made the American nuclear guarantee intellectually less convincing. Yet the inability of the Soviet Union to predict the consequences of a warlike action, at least in my view, will remain a powerful deterrent to risk-taking initiatives.

The basic American position, that it must make certain that the Soviet Union will not gain military superiority, is not likely to change. Furthermore, the U.S. commitment to NATO is still as credible and as permanent a commitment as can be made. There is a real risk, however, in over-emphasizing NATO's weakness and the Soviets' strength. We could afford such a misjudgment so long as the U.S. position of superiority was assured. This allowed us to press Congress for more military appropriations without worrying about the strategic consequences. Since the end of the Vietnam War, it seems to me, it has become important for the American public to assert its confidence in NATO. If it were widely suspected that the U.S. is allied to weakness rather than to strength, the obsession with NATO's putative weakness could get us all into trouble. To poomouth NATO's strength could be counter-productive. It would degrade the general impression that NATO is still powerful and that it will continue to serve as an effective deterrent in the years to come.

A new generation of American youth will soon

enter political life, but it has little or no knowledge of the origin of NATO, its function and its strength. There is only a vague sense of its importance to Western security, but it lacks deep conviction. This is an extremely skeptical generation. It is skeptical of the received interpretations of history, it is skeptical of governments, of the wisdom of the elders, of doctrinal attitudes. It is skeptical of commitments abroad without actually being isolationist. It is also skeptical of the military-industrial complex and of its effect on the military and on diplomacy in general. It will surely look at NATO in a contemporary context, not a historic one.

Let me digress for a moment about my stepson of 18 who belongs to this generation. During the Vietnam war he was not an activist, but he spoke as if he might come to lean toward communism. Now he is strongly anti-communist, and he believes that the West must be militarily strong. The Russian attitude toward human rights has probably done more to convince him than anything he might have read about Russia's growing military strength. Like many other young people, he is highly skeptical of the estimates over which we argue. He suspects the military-industrial complex of exerting too much influence on American diplomacy. The questions his generation are asking about NATO are not hostile, but they are deeply inquisitive. They wonder why American troops should be so heavily committed abroad, thirty years after World War II, and whether the U.S. Government exercises sufficient control over them. What seems to trouble them most, in light of the nationalism that the Vietnam War has generated in them, is a new anxiety. They are concerned that the NATO commitment could involve the U.S. in a war over whose origins it may have very little or no control. I think it is time that the concerns of this generation were recognized by NATO planners.

The Political Assessment of Military Strength

It is a dangerous gambit to present the Soviet military build-up in comparative terms that then point to NATO's weaknesses. It will not lead to major improvements in the alliance, and it could diminish its standing in the eyes of the world. At this stage the Chinese are much impressed with it, and the Russians, too, maintain a necessary respect for its strength. Of course, the Soviet military build-up should be presented as a possible threat to peace. Its growth should be carefully monitored and publicized. But there is no need to issue confusing or alarmist projections of its deterrent capabilities.

It is important to put the Russians on notice that their build-up has raised legitimate suspi-

cions and fears in the West, and to remind them that this is bound to lead to counter-measures. These counter-measures are likely to be programmed in terms of an American, not a NATO, build-up. Within the content of NATO politics, very little or nothing is going to be done. Moreover, if there were a European or a greater German contribution to Western strength, this might add to existing tensions in the center of Europe. The discussion of the growth of Soviet power must therefore serve as a warning to the Kremlin.

Paradoxically, the Kremlin knows little about the outside world. Their inner insecurity is best illustrated by their current fear of the dissidents' movement. They do not know how to handle this rebellious group, and they are seriously worried that it could undermine their whole political system. Dissidents, after all, are nothing new in Russian history. In the past century a small group of them overthrew the Czarist regime. But just as the Russians must be made aware not to overdo their military build-up without scaring the West, so the West must not overdo the human rights issue. I found, on a recent visit to Moscow, that serious questions were raised as to whether the Carter administration would eventually follow the John Foster Dulles policy of seeking to roll back the iron curtain.

It is out of such fears that the Soviets might be prompted to take risks in Europe that they would otherwise shun. For example, during my stay in Moscow at the time of the SALT negotiations, no Western diplomat thought that President Carter's letter to Andrei Sakharov was a wise move, nor did any of the Western correspondents stationed in Moscow. Some of the dissidents close to Academician Sakharov even sent word to Secretary of State Vance to tone down the emphasis on human rights in such specific terms. This reflects an issue whose importance should be held up before the eyes of the Kremlin and the rest of the world. But it must not be interpreted as an effort by the United States to start a crusade in which the dissidents are to be used as an arm of the U.S. government in overthrowing the Soviet system.

There is a deep division among the dissidents as to the extent that the Carter offensive on human rights will actually help or hurt them. Sakharov and his wife, referred to by friends as 'The Duchess', believe that it will help but many disagree. Some of them told me that a quiet warning, possibly from the president of the U.S. Academy of Sciences (Philip Handler) could suggest that steps against certain Soviet scientists would seriously hurt relations between American and Russian scientists. This would be far more effective than the highly publicized

Carter campaign for human rights. After all, the Kremlin must show that its hand cannot be forced by the U.S. government.

NATO and the News Media

In responding to the question what should the news media do to make the public more aware about defense arrangements in the West, there are few novel answers that can be offered. In many ways, I doubt whether NATO should actually publicize itself. This may sound a surprising position to be taken by a journalist who is concerned with the dissemination and analysis of information. I suspect, however, that a debate over NATO's weaknesses may well be the result of a publicity campaign, and this could impair the strength of the alliance.

I must return once again to the importance of psychology. What matters is not the exposure of NATO's defects, but the need to make the Russians fully aware that their military build-up could go too far. It would surely do so if it came to be seen as dangerous to the security of the West. They may not be fully aware of the consequences of their own policy. The Russians not only suffer from an inferiority complex, they also cannot forget that in World War II Mother Russia was almost vanquished. It is this state of mind that could lead them to lose their perspective on what is tolerable to the West. It is in our interest and in their own to make sure that the arms race does not get out of control.

Another point remains to be made. It is important that the public discussion of military policy should be as free of technical jargon as possible. The discussion must be understandable to the public and reporters. Unhappily, the institution of the 'defense correspondent' is dying out as it is no longer considered to be a full time job by most editors. Yet somehow we have to interpret the complexities of NATO, SALT and MBFR negotiations to the public, and the increase in weapons technology would seem to make a writer with expert knowledge essential. In Washington, where policy debates about military technology are important, I have to write about everything from the intricacies of the 12A warhead to those of Hamilton Jordan's jocks, from welfare legislation to U.S. Supreme Court decisions, from Amy Carter's social habits to the Soviet's compliance with the SALT agreement.

On occasion, the defense correspondents must make a front line visit, not to produce publicity but to acquire a vital background knowledge. For example, I learned more about the Russian threat than any figures had told me when I visited Denmark two years ago. The Danish government gave me an idea of what it was like to live next door to the Russians by re-

vealing something about the actual dispositions of the Soviet Navy and Air Force in the Baltic Sea, about their training methods and their approach to psychological warfare. This close-in experience left me with vivid impressions of the need to plan for the defense of Western Europe, even though I saw only a small segment of the NATO security zone.

There must also be ways of illustrating the Russian build-up on a more effective basis and to lend facts and figures a greater credibility. More use could be made of aerial photographs to give the ordinary reader an idea of policy issues that otherwise appear as remote as science fiction. The release of such photos should not be staged in terms of a partisan campaign, but they should be distributed at appropriate moments to clarify topical news developments. The happenings on the Soviet side, in particular, need to be explained in depth. I have not read the books by Robert Close (*Europe Without Defense*) and by Johannes Steinhoff (*Where Is NATO Headed?*) and therefore cannot judge their worth. Even so, it is not difficult to conjure up a scenario of a surprise attack. But it would not be particularly responsible to publish such an essay if it posed as a serious exercise in strategic analysis.

According to *The Times* defense correspondent, the Russians do not have enough forces in place to launch a credible attack, and it would take them two days after mobilization day to transport sufficient forces to Eastern Europe (and another 30 days to put them in a position of readiness). This assumption is shared by many Pentagon planners. *The Times* correspondent, after analyzing the prospects of an unprovoked attack, reaches the conclusion that it "seems so remote as to be beyond serious consideration." I therefore wonder how useful it is for retired NATO Generals to write books feeding the worst fears with unrealistic suppositions.

We must bear in mind that we are nearing a point where the intellectual and physical dominance of the U.S. over NATO is declining. The U.S. has forced its European allies to consider the problem of how best to protect their own interests if the Soviet Union and the U.S. should reach agreements on the limitation of strategic nuclear weapons. Clearly, this is a time of worrying controversies. NATO has done little to brief the press, but the subject is increasingly agitating to public opinion.

I do not know whether it is because of distance that NATO looks to me a much more impressive institution from Washington than it does from Europe. If distance is an important factor, it should also have a bearing on the Soviet outlook. From where I sit, NATO appears to

adequately fulfill its function. I never thought that it would be able to fight a major conventional war, but it has sufficiently impressed the Russians to avoid the risks they would run in starting a nuclear war. I therefore conclude that as long as NATO maintains its psychological defenses and the U.S. maintains the effectiveness of its own nuclear deterrent, the balance will remain stable into the 1980s.

DISCUSSION

Sir Frank Roberts Let me begin the discussion with a brief anecdote that reflects my scepticism of the civil defense programs that the Soviets have supposedly started. When I left London in 1941 I was accustomed to the effective shelters that were used during the worst days of the Germans' blitzkrieg bombing. On arriving in Moscow I encountered one of their worst air raids. The Soviets asked the Foreign Secretary, Sir Anthony Eden, to take shelter in a bunker, which was in fact a Metro station, that was equipped largely with vodka and zakuski. For the rest of us, and everyone else, there was nothing available except a few open basements. Since those days I have not put much credence in the rumors that the Soviets had started a widespread program for civil defense. They were so ill-equipped at the height of war that I remain dubious about the extent of their preparations today.

Another subject raised in Henry Brandon's paper was the policy confusions that the younger generation must sort out, both in the U.S. and in Europe, as they read conflicting estimates of the military prowess enjoyed by NATO and the USSR. Since there is a young person present, who is currently a Fellow of The Johnson Foundation, I wonder if she would care to respond.

Emily Hauert It is impossible to speak for a whole generation, but I can reflect on my own experience. I grew up during the long years of the Vietnam war, and I know little about the historic origins, the eternal disputes and the military force levels of NATO. I am somewhat sceptical of the Pentagon's warnings of a military threat, and I do not see how the future of NATO is directly related to my own expectations of a future world. Like many people of my age, I am not sure how my political attitudes will change if I acquire more military information about Western security. The need to gather reliable information is obvious if we are to understand the world conflicts that have been left to us. But we cannot predict whether we will believe your controversial assumptions about Soviet behavior in the years to come. Our belief in political integrity and rational government was chal-

Should we play upon popular fears of a Soviet threat in order to maintain expensive defense commitments?

lenged to the core by the Watergate disclosures and the 'Pentagon Papers'. Such experiences are not quickly forgotten.

Leslie Paffrath. One of the objectives of The Johnson Foundation is to attempt to clarify the profusion and complexity of information about public policy choices that must be understood by experts, lay citizens, opinion leaders, and youth. To assist in throwing light on issues, we have held Wingspread conferences on a large number of topics, publishing monographs which have been widely distributed. The Johnson Foundation has frequently brought together groups of overseas visitors, including students. The goal has been to widen their perspectives and to inform ourselves in order to make meaningful choices of future programs.

Unfortunately, discussion of a foreign policy issue too often comes in the crisis stage, hardly a sensible mode of planning. Given the number of issues clamoring for attention, however, the process of dealing with an issue in crisis is inevitable. In a number of instances, this after-the-fact pattern can sometimes be broken by foresight. In this revealing inquiry into the future of the Western Alliance, we have, in fact, an instance of foresight. It is gratifying for The Johnson Foundation to have had a role in a non-crisis inquiry as useful and enlightening as this Wingspread conference.

The Dissidents and the Perception of Threat

Otto Pick. There are several points to clarify in the current thrust of Soviet behavior. Let us start with a contemporary issue, their uncertain response to President Carter's emphasis upon human rights. As I discovered in conversations with Soviet academics and journalists, this has deeply troubled the aging leaders in the Kremlin. They are not sure whether Mr. Carter is about to launch a propaganda crusade to denigrate their image in Eastern Europe and elsewhere; or whether he is taking a first shot in a Dulles-style campaign to undermine their political system and to foment domestic rebellion. One of the points that seemed to alarm them in Mr. Carter's concern with human rights was the moralizing tone in his speeches. Had he not included the repressive regimes of Africa or Latin America in his newly-born language of morality, they would have dismissed his sympathy for dissidents in Eastern Europe and the USSR as a crude resurgence of Cold War propaganda.

The leaders in the Kremlin are perplexed by the dissidents and especially by their prominent spokesmen. They do not know how to respond. The only point on which they are certain is that they cannot afford to be put on the defensive,

and that they cannot appear to retreat before the ideological assaults mounted by the United States. This is important to them in dealing with two related problems: (a) how can they cope with the divisive and the dissident pressures rising among the Western communist parties; and (b) how can they prevent other groups inside Soviet society from emulating the peaceful but publicity-seeking tactics that have been effectively pursued by the Moscow dissidents?

The uncertainty of the Kremlin on domestic policy is matched by their confusion abroad. They listen to our own dissenters, many of whom protest that we have disarmed ourselves unilaterally by succumbing to the crippling course of inflation and recession. They also hear the other side as it argues against the paranoid fears and the exaggerated threats that our military-industrial elites have falsely projected as motives of Soviet behavior. The first group insists that Western defense budgets will be dangerously lowered in the long run as the social costs of inflation become more evident; the second insists that the Western alliance will eventually (or that it actually should) dissolve so that the armed stand-off with the Warsaw Treaty powers can at least relax.

The confusion in the Kremlin is not surprising since it is deeply shared in the West itself. Our electorates are troubled about the reality of the U.S. nuclear commitment to come to the defense of America's trading rivals and political sparring partners in Europe. I agree with Henry Brandon's restatement of this dilemma with regard to NATO and its links with the mass media. If military spokesmen in NATO are too outspoken, they will generate either alarm or despair; but if the policy debates are too muted, the Soviets will come to believe that apathy and unconcern have seized hold of Western public opinion.

Perhaps it is true that NATO looks more impressive at a distance, when it is seen from Washington rather than from Brussels. But this discrepancy makes me wonder how we can better inform the citizens of the West about the long-term military burdens that must be shared, and how we can reassure them that a position of stable deterrence can indeed be preserved. Should we play upon popular fears of a Soviet threat in order to maintain expensive defense commitments? Or will we mislead the Soviets if we explain to our own electorates that we must maintain high defense capabilities only until we can find the best approach to arms limitation and tension reduction? These are the questions that the press cannot answer so long as our own leaders fail to do so first.

Wolff Graf von Baudissin. From the Western perspective the role that NATO should play re-

mains an ambiguous one. It has to stress to the Soviets, year after year, that any aggression or threatened use of force will involve them in a complex and uncertain calculus of risk. But if the alliance is to reassure its own members, as well as its adversaries, the risk must be formulated in terms of nuclear deterrence rather than conventional defense. It is difficult to warn your enemy that he will meet an 'intolerable risk' of nuclear war without also causing alarm — at the same time — among Western electorates. NATO must therefore renew its collective commitment to deterrence, as well as to forward defense on the one side, while pressing forward on the other, to improve the prospects for détente. This political juggling act calls for a psychological skill that NATO has often lacked. We should not forget that NATO has scored an unprecedented triumph in holding its 15 disparate members together for 30 years in a common strategic thrust. That is no slight achievement, and it has not been ignored by our restless adversaries to the East.

Martin J. Hillenbrand. There is a strong agreement at this conference that the strategic unity necessary to the NATO alliance has tended to remain intact. There have been serious arguments in the alliance and some policy decisions have lacked the conviction that they ideally should have carried. But maybe we are not deluding ourselves, after all, when we share Henry Brandon's moderate conclusion: that there is no reason to predict the demise of NATO in the 1980s.

I would take issue on one point that he raised. It is true that Senator Mansfield has retired from the Senate and that the campaign to withdraw U.S. garrisons from Europe is no longer a popular matter for debate. But economic rivalries within the alliance could possibly lead to a renewal of the struggle — even though it might take a different form. As the U.S. balance of payments continues to deteriorate, we are likely to find that old arguments over offset payments and military stationing costs are revived. I fear that a new dispute over financial transfers could reopen difficult arguments, and that they could once again divide our united front.

John Carson. We seem to agree that NATO should stress its positive accomplishments in its mass media releases, but not too much or too often. This conclusion is not appropriate for a country like Canada. There are many questions about NATO that still remain to be answered if our public opinion is to prepare for a long haul commitment of economic and military resources. Admittedly, the press are not always ready to provide the pages needed to describe

if we want to achieve something more than the rhetorical splendor of a moral crusade, we must retain some sense of political tact and caution.

alliance policy and strategic doctrine. If this information is not delivered, I am afraid that political preoccupations at home will diminish the attention or the support that the domestic electorate maintains for NATO. This is becoming an urgent matter in the case of Canada.

Theodore Achilles Let me try to sum up my perspective. The accelerating Soviet military build-up confronts the West with a new threat that is possibly military, certainly political. The West seeks stability, Moscow instability. What the degree of equilibrium will be in 1987 is much more important than what it is today. NATO has so far succeeded in deterring military aggression, but it needs to give more attention to means of deterring non-military aggression.

In the NATO area the chief danger in the coming years will be the real or the believed Soviet nuclear superiority. It could have devastating psychological and political effects on both sides of the Atlantic, and in future interactions between East-West and North-South relations. The Soviets are seeking to utilize the "correlation of forces" in all fields. The West must do likewise. The conflict is essentially a battle for men's minds.

The West lacks a sense of purpose. Youth today is cynical about all institutions, domestic and international. Yet it is idealistic and groping as indicated by the federalist, European and "Jesus" movements. Perhaps the concept of "freedom" may provide the necessary sense of purpose. It is a strong weapon and it must be used carefully, but it may be the ultimate one. It is appropriate to recall that Belgium's motto is "C'est l'union qui fait la force." This should remind us that when there are no simple solutions, we must choose to work for some moral purpose rather than merely against a future threat.

Henry Shapiro Sir Frank Roberts mentioned that his own disbelief in the shelter program stemmed from the bureaucratic inefficiency and the primitive defenses that he saw at the height of the war in 1941. Let me add my disbelief in their supposed program to evacuate the population of the major cities. When the Germans had reached the suburbs of Moscow in 1941, it took five days to move an escape train out of the main railroad station enroute to Kubishev. That train contained half of the Soviet government, the diplomatic corps and the Western press. It also carried their most valuable asset, the Moscow ballet. When our defense experts assure me of their sophisticated evacuation plans, I wonder if any of them have seen the antiquated condition of the Russian road system. Apart from one or two modern highways, there is no way that eight million people could be

moved in a hurry out of a large city that is surrounded by mud-covered country roads. Looking at any Western expressway in rush hour traffic, I would not like to drive on any of the Russian highways when a few thousand other persons were also looking for road space.

Political Propaganda and Human Rights

Brent Scowcroft The policy issues raised by the Carter administration's emphasis on human rights are not quite as straight-forward as we would like to believe. We must clearly distinguish between the moral element in this new campaign and the political goals that we hope to achieve.

First, let us look at the moral aspect of the human rights policy. It strikes responsive chords across the American political spectrum, conservatives and liberals, old and young, cherish the moments in previous American history when an idealist appeal had roused the nation's conscience. In Europe, too, cautious politicians have been overtaken by the aroused emotion of their electorates. Dr. Karl Mommer described to us the politicians' surprise when they discovered the popular demand to discard the subtle tactics of "quiet diplomacy" and to openly pursue this moral cause.

But a second aspect must be distinguished. If we want to achieve something more than the rhetorical splendor of a moral crusade, we must retain some sense of political tact and caution in arguing our case. It is open to debate whether the Carter administration has been too frank or too circumspect in moving forward. The argument has centered upon the "quiet diplomacy" that is extolled by one side in the debate and condemned by the other. I would like to simply enter three reservations here of my own.

1. The linkage between human rights and military security policy has been established more directly with friendly régimes in Latin America than in the communist world. Indeed, President Carter has conspicuously tried to not use the issue as a lever on the Soviets in the conduct of SALT and other negotiations.
2. The rights issue has not been pursued on a universal basis, as Otto Pick implied. Not only was it not used in Moscow, but it was also fore-sworn in opening new relations with Vietnam, Cuba and other regimes.
3. The empirical connotation of human rights has never been adequately defined. The communist and the third world tend to look for community welfare or economic rights, while in the West we tend to emphasize the individualist values of liberal democracy and personal freedom. Some attempt to define common standards was

made in the "package agreement" that was negotiated at Helsinki, along with cultural and trade provisions. But it would be difficult to claim that we codified a set of legal criteria that should now guide our foreign policy-planners.

The point was sensibly made by Henry Brandon that we must distinguish on this score between the advocacy procedures of public and private agencies. If governments enter the campaign for human rights, it is difficult for an adversary to make humane concessions or to view the campaign as anything more than a political crusade. Private organizations are not similarly limited. They may not be able to invoke diplomatic sanctions or to threaten the use of economic pressures, but there are many ways in which they can operate that governments cannot match. I do not mean to suggest that academics or scholars or trade associations should shoulder all of the burdens in this humanitarian campaign. But their multiple roles should not be overlooked, if we are serious about expanding the effectiveness of the human rights appeal — and if we are not looking for cheap ideological victories.

Stephan Thomas I hope that I can match this welcome candor in speaking from a European perspective. We necessarily see the human rights policy in a different light, though we share your last point in rejecting the ambition to engage in agitational propaganda.

For my part, I see President Carter's contribution as a courageous initiative to revitalize the Western spirit. He has swept aside the empty phrases in the U.N. Declaration on Human Rights and in the Soviet Constitution by insisting upon the legal content and the jurisdictional relevance of civic liberties. This has opened a new era in international discourse. Any backing away from its high principles would damage the ethical approach that he has adopted. President Carter's appeal to implement Western idealism has been warmly welcomed in Europe. Many of us believe that his purpose is not to shout slogans or to foment unrest but to enlarge the scope of human liberty. That is no slight ambition to pursue in a world long jaded by the pretenses of realpolitik.

It has been noted that the Soviets are not at all sure how they should deal with the dissidents' movement at home. I would like to add that they do not know how to react to the dissidents abroad who have seized the human rights issue as an intrinsic value of communist deviation. Consider, for example, the diverse forms that Euro-communism has taken under the leadership of Berlinguer in Italy, Marchais in France and Carillo in Spain. Their revisionism has created severe anxieties for Moscow, and

their schisms have personified the dissenting rights that are being widely claimed

The leaders in Moscow are uncertain about this alien development. If the European parties gain a wider acceptance among democratic voters, they will probably separate themselves even further from Moscow controls. But if Moscow replaces their leadership with more pliant cadres, as happened in Prague, the communist parties will forfeit considerable support. The dilemma appears to overwhelm the Kremlin regime. Obviously, they have to attract a much wider support in the post-industrial societies of the East and the West. If they allow the revisionists free reign, they will lose control over future developments, but if they discipline each of the parties, they will create a backlash support for the human rights movement. Personally, I hope that we will be able to find the best mixture of moral enthusiasm to support this campaign and the political tact to allow it to run its own course. We could spoil everything if we are too fearful — or if we are too strident.

NATO and the West's Survival

Philippe Deshormes. There are two separate topics that require elaboration: first, the complex issues of human rights policy; and second, the information requirements that NATO should fulfill. Both relate to the belief structures of the West that we expect to survive.

Eloquent statements about human rights and the rule of law were made on the American side by General Scowcroft, and from Europe by Karl Mommer and Stephan Thomas. They are not as far apart as they might appear at first sight. They agree that subtle tactics must be coupled to authentic beliefs: if the jurisdiction of human rights legislation is to be extended.

One further point needs to be considered in this debate. The new policy emphasis by President Carter has helped restore the somewhat tarnished image that the United States has recently borne in Europe. Our youth, in particular, associate the American image with the prolonged horrors of the Vietnam war, with the overthrow of the governments in Guatemala or in Greece, and with the counter-revolution in Chile. Whatever were the faults of Señor Allende, he is still recalled as a martyr to the C.I.A. and the U.S. copper companies. Mr. Carter's new concern has helped change an undesirable and unpopular image of the Americans' purpose abroad.

My second point is difficult to summarize. It is true that NATO's publicity and information policies have not worked well in the past. They have failed to disseminate the right level of information to the right kind of audience. I regret, too, that they have failed to clarify the factual

discrepancies that appear in so many military assessments and strategic papers. Moreover, I am appalled that advertisements from leading weapons manufacturers have appeared on the same pages as officially sponsored releases in the Western press. Such defects can only impair NATO's ability to mobilize the interest of youth, to retain the support of a mass electorate or to counter the exaggerations about Western defenses that circulate so freely.

There is only a soft reply to these charges that can be offered. The media publicity and the Information Services of NATO can only be as strong as its member nations permit. If their contributions are weak or conflicting, there is little that NATO officials can do to improve the situation. Considerable assistance has been given by private and constituent organizations, these include the Atlantic Treaty Association, the North Atlantic Assembly, the Association of Young Leaders, and the parliamentary or citizens' groups that are gathered together here in the Standing Committee on Atlantic Organizations. Many of these groups fulfill valuable and demanding needs, but there is a limit to their resources. There are many activities that must be started if the alliance is to garner the popular support that it will require in the next decade. One of these activities must surely involve the economic coordination and the trade war calculations that we discussed yesterday. Another must concern the mobilizing of youth so that we can enlist the support of the next generation as we try to safeguard the future of the Western alliance.

Walter Goldstein. A philosophical conflict evades us in this discussion. We believe that NATO's publicity has failed for two disparate reasons: (a) because the alliance has succeeded so well that our fears of Soviet aggression have receded; and (b) because our voters have become as fearful as the Kremlin leaders that we will one day become less resolute and too optimistic. But we have paid remarkably little attention to two further explanations: (c) electoral stereotypes about Soviet behavior and NATO's defenses are no longer influenced by the alarmism or by the hysterics of military-industrial lobbyists and discredited generals and (d) both the East and the West are more concerned about their economic than their military difficulties, no matter what the NATO publicists might say to the contrary. I do not understand how we can mobilize enthusiasm for Western solidarity when most governments are planning either to beggar their trading neighbors or to pull off a fast sale of strategic hardware (in aerospace, computer or nuclear exports) to the Soviet adversaries. The stimulus of threat used to promote Western unity, but what happens

when allies and adversaries become interdependent upon each other's economic stability, and when they strive to sell grain instead of exchanging threats? This is a dilemma that cannot be resolved with youth conferences, mass media publicity or the political insinuation techniques that General Haig carried from the Nixon White House to NATO headquarters in Brussels.

Clearly, if the Western alliance is to survive, it must not only improve its strategic planning and economic cooperation, it must also recapture a sense of moral purpose. This means that a search must be made for positive goals, and for a new concern for economic welfare and social justice. We cannot rebuild the dominance of the West by ignoring the despair of the Third World or by leaving millions of our own citizens with empty, workless lives. If we aim only at restoring a Western ascendancy to be governed by affluent consumers and technocratic elites, I am not sure that such a West deserves to survive.

Conclusion

Henry Brandon. Let me try to reply to the main points that were raised in the debate. I was surprised by the consensus that emerged in our discussion on two specific points: the issue of human rights and the difficulties faced by NATO's publicity services. Let me comment on each in turn.

First, I am glad that the distinction was made between the role of public and private agencies in promoting the cause of human rights. As I see it, there is no other way in which we can emphasize our profound moral purposes while retaining a flexible mode for political bargaining. I agree with Philippe Deshormes that President Carter has made a timely move to repair the unfortunate image of U.S. diplomacy that emerged after the Vietnam war. But I would remind you that the U.S. has yet to sign the U.N. Declaration on Human Rights. In the past, presidents have flinched from seeking a ratification from the Senate because of important constitutional difficulties; and we still do not know if Mr. Carter will dare to break the pattern.

On the mass media issues, I am afraid that we must explain the poor press for NATO by recalling the newspaper folklore that 'good news is not news'. This cultural pattern is too deeply set, both in the provincial and the metropolitan papers, to be easily rectified. If readers expect to be titillated by weapons alarms but reassured, at the same time, that the strategic balance is still in good shape, there is little that NATO officials or the defense correspondents can do to change their reading preferences. The least we can do, I suppose, is to improve the reliability of our reporting and to check out the discrepancies among our sources. These

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are modest ambitions, but they will surely help to improve the credibility both of NATO and the mass media

Concluding Statement

Sir Frank Roberts. The discussion has waxed so eloquently that there is no point in attempting to

summarize the conference's findings. Apparent consensus has been reached on the following lines

It seems that the confidence in the West's will to survive, despite the anxieties that we have probed, remains stable at a high level.

Our ability to resolve complex problems may

not be impressive, but our optimism is still strong

We anticipate that NATO will survive the turmoils to be anticipated in the next few years as the Western alliance heads into storms that its early founders might never have envisaged.

Our sense of unity is sufficiently determined, as I read it, to take on the rough conditions that lie ahead.

The End



Glossary of terms

The following definitions are offered to explain the institutional abbreviations that appear in the text:

BIS — The Bank for International Settlements, a clearinghouse for the central banks of the 10 richest countries in OECD, its function is to stabilize international monetary flows within the Western World.

CDU — Christian Democratic Union, the dominant middle-class party in the Federal Republic of Germany (FRG), it follows a moderate foreign policy; it enjoyed power during the first 20 years of the FRG.

CIEC — Conference on International Economic Cooperation; from December 1975 to June 1977 a group of 27 countries (8 developed, 19 less developed) met in Paris to discuss problems of energy, raw materials, development, and finance. The conference was part of the on-going dialogue between North-South members.

COMECON — Council for Mutual Economic Assistance (also known as CEMA); an East European organization for economic cooperation.

EDC — European Defense Community, a proposal to integrate a European army under the control of a European defense minister and parliament; the proposal failed to be ratified in 1952, and it was superseded by the WEU (Western European Union) in 1955.

EEC — European Economic Community; a consortium of 9 industrial nations in Western Europe that are also known as the Common Market; the Community is the richest trading block in the world, and it was designed to free the flow of goods, labor, and capital across national frontiers. The EEC is the most advanced form of economic integration at the supra-national level that has ever been implemented.

ERP — European Recovery Program (also known as the Marshall Plan); it was first launched in 1947 as a proposal by the U. S. Secretary of State, George Marshall, to stimulate European cooperation and economic recovery with the assistance of considerable U. S. credits.

GATT — General Agreement on Tariffs and Trade of 1947, it provides rules and machinery for reduction of trade barriers on multilateral, world-wide, and nondiscriminatory basis.

IMF — International Monetary Fund, it provides reserve currency and SDRs (special drawing rights) which members may use to meet temporary balance of payments deficits, along with the World Bank (the IBRD, the International Bank for Reconstruction and Development) it is an international agency to stabilize world monetary and trading conditions.

LDC — Less Developed Countries, there are roughly 100 nations among the 150 members of the United Nations that suffer from a lack of industrial, agricultural and social development. The 20 richest of the 100 are now known as the Third World, and they comprise the LDCs that have rich oil and mineral resources at their command; the other 80, in the Fourth World, command very few resources and at the same time must support the burden of a fast-growing and excessive population.

MBFR — Mutual and Balanced Force Reductions; a set of negotiations between NATO and Warsaw Pact members since November 1973. The central objective is to "reduce the possibility of armed conflict and to strengthen peace in Europe without diminishing the security of any party."

MNC — Multi-National Corporations; giant enterprises in manufacturing, extractive, and service industries that maintain production affiliates and investment subsidiaries in a large number of foreign economies; they export packages of investment funds, production technology, marketing skills, and professional management to their overseas subsidiaries.

NATO — North Atlantic Treaty Organization, a defense alliance of 15 nations in North America and Western Europe that assured a collective defense organization and an integration of force structures and joint strategic planning.

OECD — Organization for Economic Cooperation and Development, it was created in 1961 as an economic grouping of the 24 richest capitalist and market-driven economies of the Western World.

OPEC — Organization of Petroleum Exporting Countries, consists of 13 Third and Fourth World states which export petroleum, the cartel increased prices five-fold since the Arab-Israeli war of 1973, when it enforced an oil embargo upon the leading consumer nations of Western Europe and North America, its aim is to control the price and the supply of a scarce resource and to maintain the revenue payments to OPEC members during a period of international inflation.

PCF — French Communist Party, its long-range goal is the nationalization of industries, it has had an uneasy coalition with the French Socialist Party.

PCI — Italian Communist Party, a highly organized party with control over many municipal governments; it has cooperated with recent Italian governments without assuming formal Cabinet positions; it has exercised a leadership position in the Euro-Communist movement.

SACEUR — Supreme Allied Commander, Europe, the military commander of the integrated NATO force in Europe, who is nominated by the U. S. president, but confirmed by the NATO Council.

SALT — Strategic Arms Limitation Talks; a set of negotiations between U.S. and USSR starting in 1969. The talks are a by-product of the Nuclear Non-Proliferation Treaty of 1968. The first round (SALT I) of negotiations ended in 1972 with the SALT I Interim Agreement. The second round of negotiations (SALT II) is currently underway.

UNCTAD — United Nations Conference on Trade and Development, an organization of 77 less-developed countries (known as the Group of 77, though 100 nations now belong to it) whose function is to negotiate better terms for trade and aid with the rich world.

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